EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,514

Friday July 26 1991

D 8523A

GOLD
Has the market lost its lustre?
Page 24

World News

Individuals implicated in Japanese scandal

The Japanese financial community was abuzz with speculation after the Ministry of Finance revealed that individuals as well as companies received up to Y128bn ($934m) from stockbrokers to compensate them for trading losses. Page 14; Japanese bank rocked, Page 3

Yugoslav violence flares
At least nine soldiers from Croatia's national guard were killed and 17 wounded in their barracks at Erdut when Yugoslav army tanks fired on them from neighbouring Serbia. Page 14

Iraq deadline failure
The US declared that Iraq had failed to meet its deadline to give United Nations inspectors full details of its nuclear facilities. But Washington played down previous hints that it would take military action against Baghdad. Page 14

UK fishing ruling
The European Court of Justice in Luxembourg overruled a British act of parliament for the first time over a ban on Spanish trawlers operating in UK waters. Page 14

Italian election warning
Italy's socialist party leader, Bettino Craxi, rejected Christian Democratic plans for electoral reform and warned that his party might pull out of the four-party coalition government, triggering early elections. Page 2

Murderer executed
A man convicted of murdering 24 people in gang warfare, kidnappings and armed robbery since 1986 was executed in central Taiwan.

Car bomb injures 15
A car bomb exploded outside a civil guard barracks in the Basque border town of Irun, injuring 15 people.

Airliner alert
A Delta Airline Boeing 767 airliner, flying from Manchester to Atlanta, Georgia, with 193 passengers on board, landed at Shannon airport in the Irish Republic after one engine was shut down over the Atlantic.

Bulgarian reactor plan
Bulgaria is to switch on a new nuclear reactor at its troubled Kozloduy plant near the Romanian border, despite a report from the International Atomic Energy Agency (IAEA) ruling the plant's two oldest reactors unsafe and staff as inadequately trained.

Menem relation hunted
Amalia Yoma, 37, sister-in-law and former aide to Argentine president Carlos Menem, fled her Buenos Aires home shortly after she was indicted in a drug money laundering case. Page 4

Polish discontent
Nearly one in four Poles think the old Communist regime has been replaced by a Solidarity dictatorship, an opinion poll showed.

Madagascar violence
Police used teargas to disperse large crowds, injuring five people, when crowds clashed with security forces who were arresting an opposition leader in Madagascar's capital.

Business Summary

US airlines' profits hit by price discounting

Profit figures from two of the three largest US airlines, yesterday underlined the industry's continuing difficulties in the second quarter of 1991.

United and Delta said some traffic had not recovered from the Gulf situation and profitability was depressed by widespread fare promotions. United made a net profit of $52.7m, sharply below 1990's $148.3m. Delta's net profit was $19.2m in its fourth quarter, compared with $74.1m. Page 18

DIGITAL Equipment, the second largest US computer manufacturer, announced a fourth-quarter net loss of $871m as it took a $1.1bn special charge to cover the cost of a sharp reduction in its workforce and plants. It compared with losses of $257m, after special charges, in 1990. Page 15

NORSK Hydro, the Norwegian oil, metals and fertilisers group, saw its first-half net income fall from NKr1.27bn to NKr1bn ($147.7m) following a NKr330m exchange rate loss.

The group also yesterday disposed of its 10.3 per cent stake in Ranger Oil of Calgary on the open market for about C$86m (US$74.7m). Page 15; Group's stake sold, Page 16

TIME Warner, the world's biggest entertainment conglomerate, reported a improvement in the second quarter pre-tax income to $6m, against a loss of $24m a year ago. Expenses related to the 1989 merger of Time Life and Warner Communications once again pushed the company into a net loss for the quarter. For the quarter ended June 30, Time Warner had a net deficit of $32m or $3.10 a share, against $51m or $3.29 a year earlier. Page 18

DU Pont, the biggest US chemical company, said it would cut costs by at least $1bn over the next two years. There will be a "substantial" reduction in the number of jobs. Page 18

AUSTRALIAN Consolidated Minerals: Western Mining Corporation and Normandy Poseidon may have to increase their A$210m (US$163m) takeover offer for ACM after the market bid the stock up to 99 cents, well above the 90 cents a share offer price. Page 17

GOODYEAR Tire & Rubber, the large US tyres group, returned to profitability in the second quarter, with an after-tax surplus of $22.5m, compared with a loss of $9.4m. The group warned that sales were still suffering from the "severely depressed" car industry and the prolonged recession in the US. Page 18

THORN EMI of the UK is to sell its software business to the management and staff of its subsidiary, Thorn EMI Software, for $138m. Thorn says it will retain a 20 per cent stake in the company, which will be renamed Data Sciences. Page 21

MCDONNELL Douglas, the financially stretched US aerospace and defence group, reported a 35 per cent rise in second-quarter earnings of $77m, or $2.01 a share, in the second quarter, against $57m, or 49 cents, in the same period of 1990, while revenues rose 22 per cent to $5.04bn. The group also reduced its indebtedness. Page 18

Bonn warned about wage rise danger to economy

By Quentin Peel in Bonn

THE German government was warned against the danger of excessive wage rises in eastern Germany yesterday and criticised for several aspects of the mass privatisation process being carried out in the former communist east.

Concern about the collapse of the eastern economy, and its ability to recover, dominate the latest annual economic survey of Germany by the Organisation of Economic Co-operation and Development, the first since unification.

This view is tempered by compliments for the way in which the former West Germany has proved able to finance its huge new financial burden without excessive overheating.

The report expresses confidence in the underlying strength of the economy in the western part of the country, while calling for a period of consolidation, and gradual reduction of the budget deficit incurred to finance unification.

It warns that growth in the west must now inevitably slow, with gross national product rising by 2.8 per cent this year, and 2.2 per cent in 1992, compared with 4.6 per cent in 1990. Consumer price inflation is expected to peak at a 12-month rate of over 4 per cent towards the end of the year, and the report forecasts a further tightening in monetary policy as a result.

The report appeared as Mr Helmut Schlesinger, who takes over as president of the Bundesbank next month, warned that inflation had risen much too fast in west Germany, and he hinted at the possibility of an interest rate rise soon.

"It looks as if we will have a rise in consumer prices over the same month of last year of maybe 4.4 per cent, and that is considerably more than we expected," Mr Schlesinger said in an interview.

The OECD singles out the pressure for wage convergence with the west as the single most important factor behind the loss of eastern competitiveness.

"It is disappointing that eastern German wages are increasing at a very rapid pace, starting from levels which were already substantially out of line with productivity," the report says. "To match such a speed of wage convergence, increases in productivity would have to be far beyond the most optimistic predictions."

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Pik Botha defiant: funding had been aimed at combating sanctions

Botha unrepentant over secret anti-Swapo fund

By Patti Waldmeir in Johannesburg

MR PIK BOTHA, the South African foreign minister, yesterday issued a bold defence of his government's policy of secret funding for political parties, including the mainly Zulu Inkatha movement.

He admitted that Pretoria had spent R100m ($34.8m) to try to prevent the victory of the South West African People's Organisation (Swapo) in Namibia's 1989 independence elections.

Speaking at a press conference aired on national television, a defiant and angry Mr Botha insisted that Pretoria did not regret its secret funding of Inkatha, which has provoked the most serious scandal faced by a South African government for a decade.

"I'm not feeling sorry for it and I'm not apologising for it," Mr Botha said. His remarks suggest that the government has decided to assume the offensive in the current crisis rather than ceding to opposition demands for ministerial resignations. The revelation will further fuel charges that President F.W. de Klerk has acted in bad faith.

Mr Botha said Mr de Klerk had not known of funding to Inkatha; but this is not consistent with the fact that under South African law Mr de Klerk must decide which secret projects to make public and which to conceal.

Mr Botha reiterated that funding to Inkatha had been aimed at combating sanctions – a policy fostered by the ANC but opposed by Inkatha – and denied accusations that government money had been spent "so that Inkatha could participate in violence".

The foreign minister's performance is likely to go down well with South African whites, who overwhelmingly resent sanctions. Recent radio chat shows suggest that most whites accept government's explanation that it funded Inkatha to oppose sanctions.

Mr Botha's defence focused on the timing of covert payments, which he claimed were

Continued on Page 14

ICI ahead of market forecasts with £507m profit

By Robert Peston in London

ICI, the UK's biggest manufacturer, yesterday announced first half profits 31 per cent below last year's result, though the £507m ($852m) which it made was £50m above market expectations.

The performance makes Britain's largest chemicals company less vulnerable to a hostile takeover bid from Hanson, the conglomerate which owns 2.8 per cent of its shares, according to analysts and institutional shareholders.

The results had been eagerly awaited in the London markets as a key stage in the war of nerves between Hanson and ICI. Hanson's vice chairman, Mr Martin Taylor, said his company would analyse the results before deciding what to do. Hanson may issue a statement commenting on ICI's performance.

ICI also said that measures it was taking to cut costs and close lossmaking businesses would add £400m to annual pre-tax profits by the middle of 1993.

The figures suggest that ICI's businesses have returned to an improving trend, having been hit hard by the recession. In the three months to 30 June, it made pre-tax profits of £309m, only 3 per cent lower than in the comparable period last year and almost four times what it made in the final quarter of 1990.

Sir Denys Henderson, ICI's chairman, vehemently denied that the profits had been inflated as part of a defence against the threat of a hostile bid from Hanson. "We would be stupid to produce funnies," he said.

However City analysts were divided about the extent to which the result represented a significant improvement in ICI's underlying trading performance.

Sir Denys refused to give precise details on how ICI would earn the additional £400m in profits. He said that disclosure would give away valuable information to competitors. But Mr Taylor said Hanson was hoping for just such details.

However, Sir Denys said much of the profits increase will come from cutting ICI's workforce. He said that 5,000 jobs had already gone in the

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Henderson interview, Page 15

Gorbachev says Soviet socialism 'bankrupt'

By John Lloyd in Moscow

ANOTHER nail was hammered into the coffin of old-style Soviet politics yesterday when Mr Mikhail Gorbachev, Soviet president and general-secretary of the Communist party, told his central committee that the old model of socialism was "bankrupt".

However, a split within the party – now seen as inevitable – and a challenge to the leadership of Mr Gorbachev has been deferred until a special congress later in the year. Mr Gorbachev's relatively easy ride yesterday, his conclusion of an agreement over the main elements of a union treaty, as well as his engagement with the west at the London summit, strengthens his short-term position. It will stand him in good stead for talks with President Bush at next week's summit in Moscow.

"We thought in the past that the market and socialism were incompatible," Mr Gorbachev told the plenum. "Life itself proved otherwise. The market and socialism are compatible."

There will now follow an intense battle within the party over the content of the programme. This has explicitly closed the door on the class struggle, and even the primacy of Marxist ideology.

Mr Gorbachev's opening speech, introducing a party programme which both its supporters and its opponents have termed "social democratic", threw down a challenge to hardliners. The party, he said, would not deviate from the course set by the programme. "Those who stick to other views are free to choose," he said, implying that they were free to leave.

Later, Mr Georgy Shakhnazarov, a close aide to the Soviet president, said that the "two groups or tendencies... are sure to divorce". The party leader said the concept of the Communist party as one led by the proletariat had to be replaced by one open to all social groups.

He reported a membership loss of 4.2m, a drop indicating membership of around 15m many of whom are inactive and have ceased to pay party dues.

The speech was aimed at enforcing discipline to a programme pledging allegiance to pluralist democracy and a mixed economy, and at assuring western governments that the ruling party is committed to market principles.

Mr Gorbachev called for a party congress in November or December "so that the new programme could be discussed and adopted". The manoeuvring between the party's liberal and hardline factions seems to represent a compromise that will defer until congress the decisive struggle over the programme, the unity of the party and the future of Mr Gorbachev as its leader.

Mr Gorbachev said the draft programme "proceeds from the assumption that private and collective forms of ownership will be developed, unhindered, in our country."

In future, the "party will act only through legal political means within the framework of a parliamentary democracy," he said.

General Motors, Ford show heavy second-quarter losses

By Martin Dickson in New York

GENERAL Motors and Ford Motor, the two largest US motor manufacturers, yesterday reported heavy second-quarter losses because of the recession and warned that an expected second-half recovery in North American demand was likely to be gradual.

General Motors reported a second-quarter net loss of $785m, or $1.44 a share, compared with net income of $900m, or $1.32 a share, in the same period last year. Revenues dropped from $33.9bn to $31.3bn, and factory unit sales dipped 10.6 per cent to 1.9m.

Ford reported a loss of $324m, or 68 cents a share, compared with profits of $771m, or $1.67 a share, in 1990.

Its revenues fell $3bn to $23.8bn, while factory unit sales dropped 8.4 per cent to 1.54m. The company added that it also expected to lose money in the third quarter.

The results were broadly in line with Wall Street expectations and the figures for both companies were substantially better than in the first quarter of this year when recession and the Gulf war sent demand plummeting.

GM lost $1.17bn in the first quarter and Ford $884m.

The US motor industry has been battered by a slump in demand and increasing competition from Japanese rivals with new North American assembly plants. Prices have been slashed to maintain market share.

Mr Robert Stempel, chairman of GM, said he expected a gradual recovery in US retail demand in the second half but added: "More robust economic growth and a moderation in the trend towards increased government regulation are essential to the financial health of the US industrial sector."

Mr Harold Poling, chairman of Ford, said: "The second half will be difficult. The US economy is showing some signs of improvement but it appears recovery will be gradual.

"The UK's economy continues to be weak and Autolatina [Ford's Brazilian joint venture with Volkswagen] is affected by government price controls."

Hopes of a strong recovery in US demand were dealt a blow earlier this week when figures for mid-July car sales showed a slow-down from the preceding 30 days. The number of cars sold at a seasonally adjusted annual rate was 6.6m in the period, down from 7.3m in early July.

The second quarter figures highlight sharply differing performances by GM and Ford in foreign markets, which the two companies have relied on to counter weak US profits over the past year or two.

GM said its overseas profitability remained strong, reflecting record results in Europe, while Latin America's profitability was also up significantly.

Ford lost $2m on its non-US automotive operations, compared with earnings of $173m a year ago.

It blamed this mainly on weak demand in Britain, where it is market leader, and in Australia.

Weekend FT

Tomorrow: Cowes, where bank managers rub hulls with the blazerati

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Any old irons? The growing market for golf memorabilia

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India takes its first steps towards economic reform

It has only taken the new government of Narasimha Rao 34 days to introduce radical economic changes that could transform the country's entire industrial structure
Page 3

MARKETS

STERLING
New York close
$1.6735 (1.691)
London:
$1.675 (1.693)
DM2.9425 (2.94)
FFr9.995 (9.9925)
SFr2.5625 (2.5575)
Y232.5 (232.5)
£ Index 90.8 (91)

GOLD
New York: Comex Aug
$364.7 (same)
London:
$365.2 (366.05)

N SEA OIL (Argus)
Brent Sep
$19.525 (19.325)

Chief price changes yesterday: Page 15

DOLLAR
New York close
DM1.7585 (1.738)
FFr5.9765 (5.9085)
SFr1.533 (1.513)
Y138.825 (137.55)
London:
DM1.758 (1.736)
FFr5.9675 (5.9025)
SFr1.5305 (1.511)
Y138.85 (137.3)
$ Index 67 (66.5)
Tokyo close: Y137.6

US closing rates
Fed Funds: $5\frac{11}{16}$%
3-mo Treasury Bills: 5.744% (5.73)
Long Bond: $97\frac{7}{32}$ ($96\frac{11}{32}$)
yield: 8.372% (8.41)

STOCK INDICES
FT-SE 100:
2,579.6 (-0.9)
FT Ordinary:
1,998.2 (-1.4)
FT-A All-Share:
1,231.23 (-0.1%)
New York:
DJ Ind. Av.
close (+13.67)
S&P Comp
380.96 (+2.32)
Tokyo: Nikkei
23,332.71 (+35.24)

LONDON MONEY
3-month Interbank:
$11\frac{1}{32}$ (same)
Liffe long gilt future:
Sep$91\frac{3}{4}$ ($91\frac{5}{8}$)

France plans tighter rein on state spending

By William Dawkins in Paris

THE FRENCH government is planning to tighten its budget policy by keeping next year's spending level in real terms in response to the decline in tax revenues provoked by the economic slowdown.

Mrs Edith Cresson, the prime minister, has written to her ministers warning that overall expenditure will be allowed to rise by just under 3 per cent to between FFr1,325bn ($222bn) and FFr1,330bn in 1992, only a fraction ahead of the inflation rate of 2.5 per cent.

In line with the budget policies outlined earlier this month by President François Mitterrand, the government aims to keep the budget deficit unchanged at FFr80bn for the second year running and impose no tax increases. This comes after a 1991 budget in which spending rose by 4.8 per cent, a small rise in real terms. It also marks a change in the usual policy of allowing government spending to grow roughly in line with the growth of the economy, to using inflation as the guide for spending plans.

Individual ministers will negotiate the final details of their individual spending allowances over the next few weeks with Mrs Cresson and Mr Pierre Bérégovoy, the finance minister, so that the spending proposals can be debated in parliament in the autumn.

The biggest spending priorities for the coming year will again be education, scheduled for a 5.7 per cent rise partly to pay for 5,000 extra teachers, and research, due for a 5.8 per cent increase. No rise is expected for defence, and most other departments will see their budgets cut or held stable.

The plans are likely to run into opposition from the Communist party. It believes the government should spend more, funded by increased borrowings and a rise in the budget deficit, an argument which is likely to draw personal sympathy from Mrs Cresson, though not from Mr Bérégovoy, the architect of France's sound economic policies. However, Communist support is important to the minority Socialist government.

The current year's budget was drawn up on government forecasts that gross domestic product would rise by 2.7 per cent this year, since scaled back to 1.5 per cent – and even that is considered optimistic by many economists. As a result, the government had to resort to unpopular measures to curb spending and increase tax revenues. It has not yet finalised its 1992 economic growth forecasts.

Two sides of a coin to German monetary union

One year on, it's a story of trauma in the East and success in the West, writes **Quentin Peel**

ONE year on from monetary union, the German economic unification process can be seen as both a remarkable success, and a terrible trauma.

The trouble is that the success has been overwhelmingly concentrated in the west, and the trauma entirely in the east.

While the east still requires a massive adjustment effort, and huge levels of assistance to recover, the west must consolidate to control its budget deficit and damp down growing inflationary pressures.

That is the broad picture to emerge from the first Economic Survey to be published by the OECD on the German economy since unification.

Behind it, and understated with classic OECD caution, lie very real worries about the capacity of the former East Germany to catch up in the near future, some sharp criticism about the policy mistakes of the German government in its headlong rush for unity, and an underlying confidence that none the less, the German economy has the strength to weather it all.

For west Germany, unification has meant an economic boom at a time of international recession. More than that, it has been able to provide the locomotive for international economic growth which so many of its partners have been demanding for so long.

In spite of already high capacity utilisation, it has been able to meet the soaring demand for consumer goods from the east.

Thanks to its previous huge trade surplus, it has been able to absorb a surge of imports for the East, and only just slide into deficit in recent months. And it has been able to support a doubling in its public sector borrowing requirement, without so far more than a percentage point increase in inflation.

The concern lies rather in the east.

"Forty years of development under two contrasting economic systems have not only led to vastly different economic structures and behavioural patterns in the two post-war Germanys," the report says, "but have also opened up a much wider gap.... in terms of capital endowment, productivity levels and living standards than was suggested by official statistics.

"The full and abrupt exposure of the structurally-weak eastern German economy to competition both from western Germany and from abroad.... (has) resulted in a virtual collapse of production and employment in the five new federal Länder."

At the end of March the number of registered unemployed, or on short-time working, amounted to almost 3m, or 30 per cent of the eastern labour force. At the same time, industrial output was down more than 50 per cent over one year.

Behind that collapse lies a total loss of competitiveness of eastern German output both in the west and on the world market; and behind that lies the combination of a surge in wages, to catch up with the wealthy west, outdated and inadequate capital stock, and a crumbling infrastructure.

For the OECD, the gravest problem is the wage explosion. It avoids any direct comment on the conversion rate of 1:1 chosen for wages between the two German currencies, although it cites an estimate that it was overvalued by a factor of three. Rather it concentrates on the drive for wage convergence with the West since unification.

"It is disappointing that eastern German wages are increasing at a very rapid pace, starting from levels which were already substantially out of line with productivity," the authors say.

"To match such a speed of wage convergence, increases in productivity would have to be far beyond the most optimistic predictions."

A crucial element in that wages surge has been the unbalanced nature of the eastern bargaining process.

The western wage-bargaining system has been largely adopted, with powerful and relatively centralised trade unions demanding rapid convergence (not least to protect their own position in the west), from demoralised and demotivated managements in the east.

While a major argument for rapid wage rises has been to stem the flow of emigrants from the east, the ironic effect has been the opposite, the report suggests. For it is unemployment, not low wages, which is the real cause of emigration, and high wages are causing more job losses, and so higher emigration.

The other side of the coin is the need to accelerate the creation of a healthy private sector in the East, through the work of the Treuhand agency. There again, the OECD authors have some suggestions.

The insistence, in the Unification Treaty, on restitution of property to former owners has created prolonged uncertainty where ownership is difficult to determine. The Treuhand itself has on occasion been excessively restrictive in its desire to protect jobs.

The agency has also been too inclined to sell eastern businesses in their present form, rather than break them up. And the requirement that purchasers should be existing enterprises means that full use of the possibilities of the capital markets, management buy-outs, or offering shares to the public, is not being made.

The report calls for enterprises to be freed from the debts and obligations arising from social plans, and insured in some way against action for environmental damage done in the past, in order to speed up the privatisation process.

It also suggests that the Treuhand, with its recourse to the capital markets restricted to DM25bn ($14.2bn) in 1990/91, is underfunded for the big task in hand.

One way of speeding up the recovery process in the east would be to accelerate the sale of housing. Another would be to deregulate the whole field of investment in the infrastructure, where cumbersome west German procedures are delaying faster spending.

Against all of this, the OECD urges caution and consolidation in the West.

It estimates this year's public sector borrowing requirement at more than DM170bn ($96.5bn), and warns that "public sector recourse to the capital market should not be undertaken lightly. The extent to which it finances consumption rather than investment.... should be carefully controlled."

The western Länder must bear the brunt of budget subsidy cuts, the authors say. That will mean the Bonn government showing more courage in facing down powerful lobby groups – like farmers, miners, or shipbuilders – than it has in the past.

KEY GERMAN PROJECTIONS

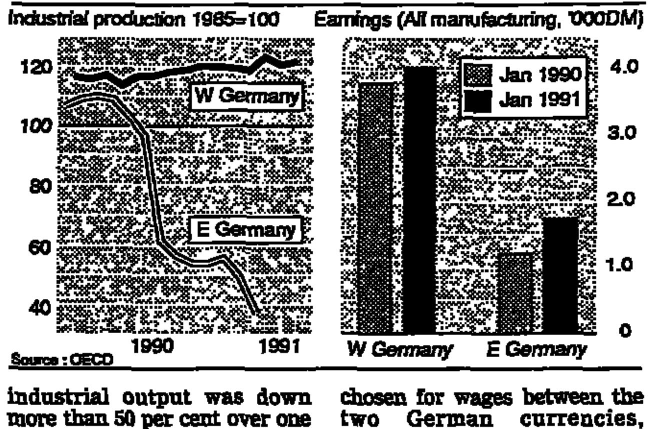
Per cent change	west Germany 1990	west Germany 1991	west Germany 1992	*east Germany 1990	*east Germany 1991	*all Germany 1990	*all Germany 1991
GNP	4.6	2.8	2.2	-15/-20	-15/-20	2½-3	½-1
GDP	4.4	3.3	2.2				
Consumer prices	2.5	3.3	4.0	-3	+10/15		
Unemployment† (%)	5.0	4.8	4.9	10	25	6¼	9¾
Employment (m)	28.5	29.0	29.3	9	7½	37½	36½

* Figures for east Germany are not OECD projections; they are based on the most recent forecasts by DIW supplemented by other information. † East German figures include an estimate for effective short-time working

Source: OECD, Economic Outlook 49, July 1991

Industrial output and earnings

Industrial production 1985=100 Earnings (All manufacturing, '000DM)



Source: OECD

Craxi threatens to pull out of coalition

By Haig Simonian in Milan

ITALY'S socialist party leader, Mr Bettino Craxi, yesterday rejected Christian Democratic plans for electoral reform and warned that his party might pull out of the four-party coalition government, triggering early elections.

In a debate on constitutional reform, Mr Craxi said it was necessary to "reduce the time" of the current legislature, due to end next June.

He also dismissed the Christian Democrats' plan to give a special bonus to the party winning most seats in an election, one of a number of suggestions for improving the stability of Italian governments. The Christian Democrats, Italy's biggest political party, would be the prime beneficiaries of such a change.

Christian Democrat leaders played down the danger of a rift with the Socialists. Mr Arnaldo Forlani, the party secretary, said the Christian Democrats wanted to find common ground with Mr Craxi, and the plan for electoral reform could be altered.

The three-day debate has re-opened divisions between the Socialists and the Christian Democrats, which had been papered over after the last government crisis in April.

The issue of reforming the constitution was then postponed until after the next general elections, in order to enable the legislature to serve its full term.

However, the result has been a further weakening of the government's already limited capacity for decision-making. More recently, there have been growing calls for early elections in order to return a government better able to tackle pressing issues like financial reform and organised crime.

The two parties are most at odds over Mr Craxi's desire for a strong presidency, to be elected directly by the people, rather than by parliament.

Russia boycotts Gosbank talks on joint policy

By Leyla Boulton in Moscow

GOSBANK, the Soviet central bank, said last night that most republics had agreed a credit squeeze in an attempt to start a joint financial policy, but that Russia, the largest republic, had boycotted the talks.

Mr Vyacheslav Zakharov, deputy chairman of Gosbank, said representatives of 14 republican state banks had agreed the measures on Tuesday and that Gosbank would try to win Russia over so the measures could be implemented. The Soviet Union is trying to convince western governments and financial organisations that it is serious about putting the country's finances in order – together with the republics.

Tuesday's meeting included envoys from all republics, including the breakaway Baltic states and Georgia.

The agreement would increase the reserves commercial banks have to deposit with the central or republican state banks from 10 to 14 per cent of their customers' deposits.

The margin between the interest rate they could charge borrowers and that which they could pay depositors would also be fixed at three percentage points. Interest which Gosbank and republican central banks could charge commercial banks for funds would be increased to 12 from 8 per cent.

Mr Helmut Schlesinger: The German inflation rate had risen considerably more than expected

Schlesinger gives strong hint on interest rate rise

By Andrew Fisher in Frankfurt

MR HELMUT SCHLESINGER, who takes over as president of the Bundesbank next month, said yesterday that inflation had risen much too fast in west Germany, and he hinted strongly at the possibility of an interest rate rise soon.

"It looks as if we will have a rise in consumer prices over the same month of last year of maybe 4.4 per cent, and that is considerably more than we expected," Mr Schlesinger said in an interview.

Several west German states have recently announced high provisional inflation rates for July.

Recent taxes on fuel and other goods to help finance German unity had been expected to lift inflation. "But the jump between June and July is much bigger than can be explained by these factors," he said.

The Bundesbank wanted to avoid a "wage-price-wage spiral" after this year's high pay rises, with unions trying in 1992 for further big increases to match inflation.

The latest price figures were influenced by higher seasonal food prices, which would ease. "But it now seems impossible that we shall drop below 4 per cent again this year, as I had hoped."

Some Bundesbank council members argued for a rate rise at the council's meeting two weeks ago.

This week, Mr Hilmar Kopper, chief executive of Deutsche Bank, said a rise in German interest rates this autumn was unavoidable because of the impact of recent high wage settlements on prices. Economists widely expect further interest rate action by the Bundesbank.

While declining to forecast what the Bundesbank might decide, Mr Schlesinger said the arguments for a rise in the discount rate, now 6.5 per cent, were clear.

"The discount rate is way out of line with market rates. This can be tolerated for a certain time."

It had been kept low to help refinancing of the east German banking system.

"But we must gradually get back to normal conditions. If this interest gap is not reduced by other interest rates falling, then we must think of a correction." Bringing the discount rate closer to the Lombard emergency funding rate of 9 per cent "would not be a restrictive move but the removal of a type of interest rate subsidy". The discount rate was less significant in Germany than in other countries.

The 2.5 point gap between the discount and Lombard rates was larger than usual, Mr Schlesinger said. "Mostly, it has been 1 per cent." In the past, it had never been wider than this for long.

Mr Schlesinger also said west Germany's continued high economic growth rate this year was inflationary. "This can't continue; nobody expected growth of 4 per cent." While the Bundesbank would not defend a specific exchange rate to keep the D-Mark strong and help combat inflation, "we want the result of our policy to make the D-mark stronger, not weaker".

This week it has firmed against the dollar, quoted yesterday at around DM1.75 in Frankfurt. "I would rather have it [the dollar] under DM1.80 than over".

Eastern towns want power in their hands

By David Goodhart in Bonn

LOCAL authorities in 124 east German towns are to complain in the constitutional court that the takeover of the east's electricity production and distribution industry by a west German consortium restricts their ability to produce their own electricity.

The Treuhand privatisation agency officially still owns both the electricity generation industry and the 15 former distribution companies. These have been grouped together into one distribution enterprise in which the west German utilities also intend to take a majority stake.

Almost a year after the original contract was agreed in principle between the Treuhand and the energy consortium led by west German utilities RWE, PreussenElektra, and Bayernwerk, there is still no agreement on price.

The utilities have now discovered that modernising east Germany's electricity supply industry will cost more than expected, extra costs that cannot be reclaimed through higher energy charges in east Germany. Demand in the former state has also dropped by about 30 per cent since economic unification.

If the local authorities win the right to produce more electricity the outlook will look even gloomier for the utilities, especially if they undercut tariffs in west Germany's semi-monopoly system.

Many towns argue that they will produce cheaper electricity on a more environmentally-sound basis. They also claim that the European Commission and the German consitution are on their side. The decision of the constitutional court will certainly have serious implications for Germany's electricity supply industry.

Hopes dim at east Berlin lighting factory

By Leslie Colitt in Berlin

MANAGEMENT and workers at the Narva lighting company, one of east Berlin's largest manufacturers, fear that the company's workforce is to be drastically reduced and most of its operations converted for commercial and leisure use.

The Treuhand privatisation agency reached a preliminary decision this week to sell Narva, part of the giant Osram company until 1945, to a property consortium in the west.

"Our worst fears are confirmed," said Mr Michael Müller, head of the Narva works council. He believes the factory will be run down and converted because of the property boom triggered last month when parliament and the government decided to move from Bonn to Berlin.

He claimed that the property consortium planned to build a commercial centre and hotel on the Narva site and to retain only 350 out of 1,400 workers to produce lighting fixtures. Narva had 4,900 employees in January 1990. Several thousand workers were laid off in preparation for sale to the private sector.

The Klingbeil construction company in west Berlin, part of the successful property group, said it could not disclose details of its plans for Narva because senior management were on holiday. Klingbeil and Heinz H. Pitzsch, an investment and property company, are the lead companies in the consortium.

The preliminary decision by the Treuhand requires approval by its managing board – expected next week – and the Finance Ministry. Mr Harold Lang, responsible at the Treuhand for Narva, said the property group had made the best offer. The Treuhand based its decision on four criteria: the number of jobs immediately guaranteed and the number to be created in the longer term "within the plant and in total". The size of the investment came next, and only then came the price, which he could not disclose.

Narva management and the works council had favoured a rival bid by the Conle company of west Germany which entailed building a new Narva factory and retaining about 900 employees. Another bidder, Phoenix, a Japanese lamp company, offered to retain nearly 600 workers in lighting.

Steel-makers throughout Europe are coming under increasing financial pressure as demand shrinks and prices plummet

Ilva presses government for L1,200bn cash injection

By Charles Leadbeater, Industrial Editor

ILVA, the Italian state-owned steel group is pressing the government to decide by the end of next month whether to inject L1,200bn ($917m) into the company, which is under increasing financial pressure from the downturn in European steel markets.

Ilva has told IRI, the state industrial holding company and its main shareholder, that the state holding in the group should be sold if IRI cannot finance a debt reduction package. Senior executives at Ilva, which is Europe's second largest steel producer, believe that without a capital injection it could only maintain its profitability by a string of assets sales.

The group's call on the state for finance will fuel fears that European steel producers are turning for public support to help them through the decline in their markets which set in last year. Any injection of funds from the state is likely to be scrutinised by the European Commission.

The Commission is informally examining the agreement announced last week under which Credit Lyonnais, the French state-owned bank, will pay FFr2.5bn ($410m) for a 20 per cent stake in Usinor-Sacilor, the publicly-owned steel producer.

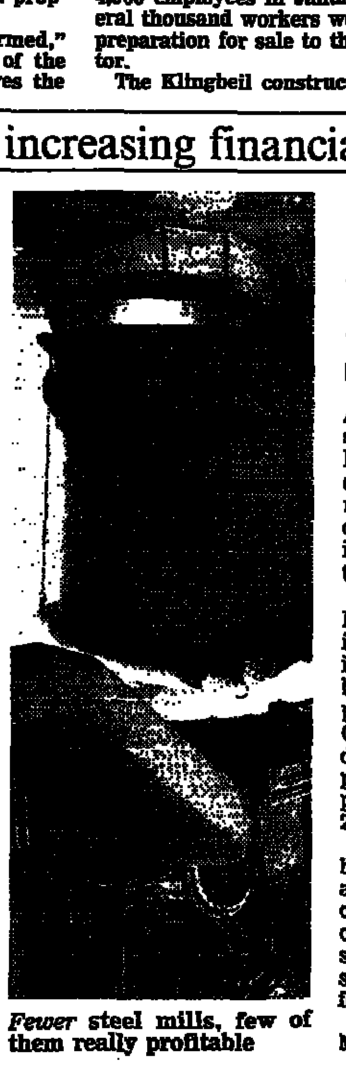
Ilva believes a cash injection would be allowed by the Commission which in 1989 approved a restructuring plan involving state finance of L5,000bn. The group has received only L3,000bn so far. The European Community council of ministers meeting in Brussels yesterday approved modifications to Ilva's original restructuring plan which has involved the closure and sale of several plants.

Mr Piero Nardi, the company's general manager for finance said it would be better for IRI to sell its holding to another European steel group rather than starve the company of funds. Financial reconstruction was essential to pave the way for Ilva's eventual privatisation in 1993.

Ilva has been particularly hit by a 25 to 30 per cent fall in steel prices since the market peaked in 1989. The squeeze on its margins is making it increasingly difficult for the company to maintain its profitability, partly because it has debts of L5,000bn, L1,400bn more than it had planned at this stage of its restructuring plan.

Mr Nardi said the capital injection from IRI could take several forms including shares or assets in other state companies.

In addition, the company expects a L1,000bn shortfall on its plans to spend L4,500bn on investments and acquisitions in the next four years.



Fewer steel mills, few of them really profitable

Decade of restructuring in Europe does little for profits

By Charles Leadbeater

A MAJORITY of European steel plants are either making losses or just breaking even despite more than a decade of restructuring, according to a confidential assessment of the industry's costs prepared for the European Commission.

Steelmakers throughout Europe are coming under increasing financial pressure, in part from a fall in demand, but mainly from steep cuts in prices even in markets such as Germany where the volume of demand has held up. Since the peak of the market in 1989 prices have fallen by between 25 per cent and 30 per cent.

Several European plants have production costs which are significantly higher than current prices for hot rolled coil, which accounts for a large share of the industry's total steel output, the assessment found.

The study was prepared in May for Brussels by McKinsey & Company, management consultants, as part of its monitoring of the recovery plan set in train by Ilva, the Italian state-owned group in 1989.

It shows that Usinor Sacilor's plant at Fos on the Mediterranean coast of France is the most efficient in Europe, with production costs of about L250 per kg, or $191.6 per tonne. The least efficient are those owned by Cokcerill Sambre of Belgium, Ensidesa and AHV in Spain and Voest Alpine, in Austria, which have production costs of between L360 and L500 per kg, equivalent to about $275 to $383 per tonne.

All these plants were in danger of moving into loss by the fourth quarter of last year. Prices for steel coil fell from about L530 per kg in the first quarter of 1980 to about L400 per kg or $306 per tonne at the end of last year, according to McKinsey.

Since the start of this year the fall in steel prices has accelerated.

The report shows that Ilva has significantly reduced its costs in the past three years. In 1988 its costs were about L350 per kg or more than $260 per tonne. By the end of last year when McKinsey gathered the information for the report Ilva's costs at its main Taranto works in southern Italy were about L300 per kg or about $227 per tonne.

British Steel, Thyssen of Germany and Sidmar, the Flemish subsidiary of Arbed the Luxembourg producer are all in the low-cost group with costs of L250-L290 per kg.

Among the medium-cost producers with costs between L320 and L340 per kg are the German companies Kloeckner, Hoesch and Krupp, the Dutch producer Hoogovens, and the Charleroi plant of Cokerill-Sambre, the Belgian group.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1; Telephone 069-75980; Fax 069-722677; Telex 416193 represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societats-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

INTERNATIONAL NEWS

Staff 'helped' hard-pressed property investors

Japanese bank rocked by illegal loans scandal

By Stefan Wagstyl in Tokyo

FUJI BANK, a top Japanese bank, was rocked yesterday by the revelation that four employees ran a huge illegal loans scheme using forged certificates of deposit worth Y260bn ($1,898m).

The four employees were sacked yesterday and three of them were formally accused by the bank of fraud and forgery. Fuji said it suffered losses of Y27.1bn from the illegal transactions which started in 1987.

The incident is the latest example of sharp practices which went undetected in the booming Tokyo financial markets of the late 1980s, and which are now coming to light in the 1990 bear markets.

The scheme at Fuji involved using forged certificates of deposit to obtain loans for Fuji clients from financing companies when the bank itself was unable to lend sufficient money. Most of the 23 customers concerned were property investors, who in the late 1980s found it increasingly difficult to secure bank finance because banks were under pressure from the authorities to slow the growth of property loans.

The sacked employees, working at three branches in Tokyo, allegedly forged certificates of deposit and presented them to financing companies as collateral for loans to the hard-pressed clients.

The bank admitted that internal checks of the branches which made the loans had been lax

Fuji said 51 certificates were faked between 1987 and 1991.

The bank discovered the deals only a few weeks ago, when an unsuspecting finance company asked Fuji about its claim to a certificate of deposit.

Fuji then took immediate action, taking over the loans to the finance companies itself and obtaining collateral worth Y200bn from the clients. Fuji said uncollectable bad loans totalled Y27.1bn, or more than 20 per cent of its Y120bn net profit last year.

The bank said the scheme was an isolated incident involving individual employees and not an example of any widespread malpractice.

However it admitted that internal checks of the three branches which made the illegal loans had been lax. Mr Yoshiro Yamamoto, the vice president, said he felt responsible for the bank's inadequate supervision.

The ministry of finance is investigating the incident. Some bankers questioned how it was possible for individual employees to forge documents worth as much as Y260bn and how fraud went undetected for four years.

Japanese Foreign Minister Taro Nakayama at a camp in the Philippines for evacuees from an area threatened by volcanic activity

China's floods expose party failings

By Yvonne Preston in Shanghai

THE inadequacies of China's flood control system, proclaimed as one of the great achievements of socialism, are beginning to be exposed as the flood waters which have devastated huge tracts of central and eastern regions slowly recede.

The government now faces the mammoth task of building a co-ordinated flood prevention system along the length of the Yangtze River. It will cost billions of yuan and the land of tens of thousands of farmers.

The stark reality has been hinted at by Premier Li Peng. However the Communist party is clearly nervous that its failure to allocate sufficient funds for a properly co-ordinated system over the past 40 years will exacerbate further the social unrest caused by the disastrous losses of the last two months.

Ning Xiang Bao, vice director of Shanghai's water conservancy bureau, controlling the Yangtze River delta, said it was not a matter of rebuilding ruined dykes and dams but of implementing a flood control master plan.

A plan for the delta has existed since 1983 but no funds have been made available.

Nine dams along two rivers in the delta, including the Red Flag dam built in 1959 on the Shanghai boundary, were blown up this month to release water from the swollen Lake Taihu which threatened Shanghai and its 12.5m people. Some 20,000 farmers were temporarily affected as flood waters covered their land.

If the flood prevention master plan for the Taihu basin is put into effect along these two rivers alone, 10,000 farmers will lose their land permanently, at a cost put at Yn800m (£89m).

Mr Ning said: "Houses, land and factories will have to go. If alternative land cannot be found for the farmers, they will have to be reassigned to industry." The same situation applied the length of the Yangtze. The farmers could expect no compensation.

He agreed with the criticism of Qian Zhenying, former water resources minister. She said people had relaxed their vigilance, failed to dredge rivers and planted crops where there should have been water conservancy projects.

The criticism is two-edged. First the government failed to produce an adequate flood control system under socialist collectivism. Then it allowed the collective to fragment when the communes were dismantled without making provision for vital infrastructure works.

Mr Ning said planting every inch of land led to soil erosion and more serious flooding. Massive deforestation along the upper reaches of the Yangtze had also increased flood damage.

Palestinian question mark over peace plan

Roger Matthews on the dilemma of those whose plight is at the heart of the conflict

THE HUGE diplomatic effort being expended to bring the principal protagonists to the Middle East negotiating table is likely to seem little more than the casual crooking of a finger when compared with what will be required to make progress on the substantive issues.

Israel's determination to exercise a detailed veto over the composition of Palestinian representation at the talks is a timely reminder of how profound the chasm remains.

During the past 10 days, since President Hafez al-Assad of Syria bowed to American requests and accepted direct talks with Israel, it has been possible to focus on what had changed on one level of the Arab-Israel conflict. Syria, Israel's most intractable enemy, was at last prepared to negotiate. Egypt had already been to the table and King Hussein of Jordan had long been prepared for such a moment. Of the Palestinians, whose plight and aspirations are at the very heart of the conflict and the conference, little had been heard.

Israel, having this week moved publicly closer to accepting the US invitation to a peace conference, may now be looking to tweak already stretched Palestinian nerves.

There is always the possibility that a single terrorist act could halt the whole process

The 1.75m Palestinians living in the West Bank and Gaza, the territories occupied by Israel in 1967, have been told by the government in Jerusalem that they will never have an independent state and that the land on which they live must remain forever part of Israel. Such is the stated position of Mr Yitzhak Shamir, Israel's prime minister. In addition, and in defiance of world opinion, Israel intends to continue building more settlements. It would be hardly surprising if Palestinians concluded that there was little prospect of their ambitions being even partially realised at the negotiating table.

But more alarmingly, the additional issue of representation raised again by Mr Shamir must cast doubts in their minds on the extent to which those ambitions would even be voiced. It has long been Israel's policy to refuse recognition to prominent or known members of the Palestine Liberation Organisation. Mr Yassir Arafat, its chairman, has in the past year weakened his own case by appearing to endorse President Saddam Hussein so vigorously. But it is still acknowledged in the Arab world that the PLO remains the single most supported Palestinian organisation. As a result it was always probable that Palestinians who eventually came to be involved in negotiations would not stray too far from PLO policy.

But, by adding the further qualification that Israel will not negotiate with Palestinians from east Jerusalem, a further abrasive twist is being applied. For the Palestinians, Moslem and Christian, Jerusalem is of enormous religious and political significance. An acceptance of the Israeli veto would, they fear, appear to endorse Israel's annexation of the eastern half of the city. Against such a background, so far removed from the confidence building measures sought by Washington, the more radical elements within the Palestinian community can expect to gather support.

As so well appreciated by the extremists on both sides, there is always the tragic possibility that a single terrorist act could halt the entire process.

However, the progress that has been made towards a peace conference is still considerable, the US Administration looks to be committed to the process, and Israel is closer than it has been for a long time to sitting down with all its Arab neighbours. What Mr Shamir has done in the last two days is to remind all the probable participants, especially the Palestinians in the occupied territories, of how rough the road will be and how little he will mind if they cannot last the journey.

Israel and US work on the main obstacle

By Hugh Carnegy in Jerusalem

ISRAELI officials said yesterday that Israel was waiting to hear from Washington on who would represent the Palestinians in Arab-Israeli negotiations, the main outstanding issue blocking an Israeli go-ahead for a Middle East peace conference proposed by the US.

A senior official in the prime minister's office said he did not believe the issue would be resolved in time for the US and the Soviet Union to announce a conference at their summit in Moscow next week.

The Bush administration has specifically asked Israel to respond before the summit, and has warned the government against using delaying tactics.

But Israel is insisting on approving in advance the composition of a joint Jordanian-Palestinian delegation to the conference and subsequent bilateral negotiations. It will not accept any Palestinians it sees as representative of the Palestine Liberation Organisation, nor any Palestinians from Jerusalem.

The Palestinians so far have insisted Jerusalem must be represented on their side, leaving the US with the difficult task of finding a way around the impasse.

Asked why Israel would not give its assent to the broad outline of the US peace plan and smooth out remaining details later, as Mr James Baker, the US Secretary of State has asked the Israelis to do, the official said: "We want to be practical. We don't want to put aside now problems that we know will come up again and be a problem later."

Moving shack: A woman drags her belongings away in a bag yesterday as S African municipal workers, protected by police in an armoured car, demolish squatter shacks in the Ivory Park squatter settlement near Johannesburg

Pretoria slush fund raises graver issues

By Patti Waldmeir in Johannesburg

THE South African government has admitted secretly channelling R1.75m ($605,000) to the mainly Zulu Inkatha movement and its associated trade union, the United Workers Union of South Africa (Uwusa). Yesterday it defended this funding, insisting that its aim was to fight sanctions – not to undermine the African National Congress.

But far more serious allegations – as yet unproven – remain outstanding. By lying about their involvement with Inkatha over the funding issue, senior government ministers, including Mr F.W. de Klerk, the president, may in some eyes have forfeited their right to be given the benefit of the doubt on these charges. They are:

■ That South African security forces have aided Inkatha in violence which has left nearly 10,000 people dead in black townships over the past five years, and that the two parties worked together to export this violence from Natal province (Inkatha's power base) to townships near Johannesburg last year.

The most startling allegation in this regard comes from a former South African army sergeant, Mr Felix Ndimene, who has charged that members of the Five Reconnaissance Regiment (crack troops of South Africa's "Special Forces", the operational wing of the Directorate of Military Intelligence) carried out an attack on a Soweto-bound train last September in which 26 people died.

Mr Ndimene's account, like most of those which have surfaced recently in the South African and foreign press, is second-hand: he claims that his "friends" in Five Recce told him of their participation in the attack "in the tea room" after they returned to the regiment's base at Phalaborwa, in the eastern Transvaal. He alleged that Five Recce had also been involved in other operations.

Mr Ndimene sketched a regiment still operating as it did in the days of the "total onslaught" to combat what Pretoria saw as a communist-inspired insurrection. Despite political changes in South Africa, the message from his white commanding officers was that the ANC was "still the enemy".

■ That the KwaZulu police, the security force of the KwaZulu black homeland (which as a non-independent homeland is ultimately ruled by Pretoria) have operated "hit squads" against ANC leaders in Natal, and have turned a blind eye to Inkatha atrocities.

A member of the intelligence unit of the Military Police in Natal, Mr Sipho Madlala, has confessed to the assassination of Mr Mhlabinzina Maphumalo, a prominent pro-ANC Zulu.

■ That the South African security forces are training Inkatha members, and that government paid a network of journalist-agents to place articles aimed at destabilising the ANC in local newspapers. These charges come from Mr Nico Basson, a former South African Defence Force officer.

■ That the South African police and Inkatha have jointly run the United Workers Union of South Africa, set up in 1986, six months after the formation of the pro-ANC Congress of South African Trade Unions.

■ That the Civil Co-operation Bureau, a unit of the SADF closed down last year, operated death squads which murdered anti-apartheid activists. A government-appointed commission of inquiry last year found no evidence of the existence of such hit squads, although there have been allegations of a police cover-up.

Beijing sees rare budget surplus

CHINA posted a rare budget surplus during the first half of 1991, but the country's finance minister warned that severe structural problems still dogged the economy, the official press reported yesterday, Reuter reports from Beijing.

Finance Minister Wang Bingqian said improved economic performance had created a budget surplus of 3bn yuan ($563m) during the first sixth months of this year.

China logged a budget deficit of 15bn yuan in 1990, and had planned for a deficit of 13.4bn yuan this year.

The figures are worse under the calculations of the International Monetary Fund, which unlike China does not include foreign and domestic debt as income. Excluding this, the deficit stood at 51bn yuan in 1990 and is projected to reach 48.6bn yuan this year.

Foreign economic analysts attributed Mr Wang's announcement of this year's unexpected surplus to state appropriations that were delayed to the second half of 1991.

Some say China's attempt this year to create a real market for state bonds may also have helped.

"It is a genuine improvement, but based on a very fragile rebound of the economy," one Western diplomat said. "The basic root problem has not been solved: the tax base is weak and companies are inefficient."

Mr Wang said a financial squeeze had "not eased to any degree" and said the situation remained serious.

Most economists say China's economic woes are tied directly to the government's determination to prop up flagging state industries at any cost.

Indian perestroika courtesy of the IMF

Prime Minister Narasimha Rao frees industry from its shackles, writes **K K Sharma**

THE NEW minority Congress government of Mr P V Narasimha Rao has taken just 34 days to make radical economic policy changes that have been overdue for several decades and could transform the country's industrial structure.

This unusual alacrity in a country long used to lackadaisical movement found its stimulus in the need for immediate and urgent IMF assistance so that the country could avoid the stigma of being branded a defaulter on its huge foreign debt.

Whatever the reason for the brisk speed, India's perestroika has transformed the country much in the manner in which the Soviet Union has sought to introduce a market economy.

The difference is that, unlike the Soviet Union, India already has a thriving private sector and does not need to fumble with novelties. Dr Manmohan Singh, the minister for finance, said yesterday he did not fear India would lose out in its search for funds from abroad at a time when it is in competition with the Soviet Union, eastern Europe and the Middle East for foreign investment.

Dr Singh believes that, with its 870m population, India provides a huge, ready-made market and has the necessary skills to use the investment because it has the third largest technical manpower in the world. What was needed was the right policies to attract investment, both by Indians and foreigners, and these have been initiated.

In discussions with the Japanese, he revealed, they have said that Japan alone would provide $2bn a year, given the right policies.

This is a measure of what he expects from the world now that market forces have been given freedom to operate and industry and trade have been freed from their bureaucratic shackles.

Dr Singh says the measures taken to bring about structural reforms in the economy are a part of "a comprehensive vision, a cohesive strategy and a well-thought-out action plan" that will take the country on the path of growth and thus tackle its appalling poverty through development rather than hand-outs.

The measures taken in the last month started with the 20 per cent devaluation of the external value of the rupee and enabled the government to dismantle controls on trade and shed export subsidies worth Rupees 30bn £698m ($1,172m) a year.

These were followed on Wednesday by a new industrial policy that swept aside throttling regulations on investment, internal and foreign, and a budget that has reduced the fiscal deficit from 8.4 per cent of the gross domestic product to the IMF's requirement of 6.5 per cent through bold measures like abolition of subsidies.

The most revolutionary changes are in the area of industrial policy and have been widely welcomed, although there are many industrialists, long used to a sheltered market free from competition, who fear that the operation of market forces will harm them.

Harm is bound to be done and is part of the "difficult" and "painful" path that India has now chosen for itself. Bowing to pressure from politicians and businessmen with vested interests, however, a striking omission from the industrial policy was the much-criticised "exit" clause that would have permitted closure of unprofitable units.

Officials say, however, that closures will be unavoidable in the new regime, even though the minister for labour fears considerable unrest because of threatened unemployment. Curiously, the minister was not involved in the discussions on formulation of the policy.

Foreign companies will not, of course rush into India simply because they are now allowed a 51 per cent share in joint ventures.

Indeed, the previous limit of 40 per cent was a deterrent only to some since experience has shown that control of a company is possible with a smaller percentage of equity.

However, there are many companies which want total ownership before investing in India. But majority control is certainly an attraction. More important, foreign companies will now not need the scores of government approvals that bred corruption and prolonged delays as proposals were held up for years by a bewildering array of committees and officials.

These have not been totally abolished even now but "automatic approval" for investment proposals in a list of 34 areas of high technology will require, for the most part, discussions only with their Indian partners.

For investments generating exports, the path will be even easier. Much more important for Indian businessmen is their release from having to obtain industrial licences and the abolition of controls on so-called "large monopoly houses" in a manner so sweeping that it has made virtually redundant the controversial Monopolies and Restrictive Trade Practices (MRTP) Act, or at least the hated clauses in it that curbed investments by those most capable of making them.

An era of deregulation has truly been initiated, even though this leaves many sheltered industrialists somewhat apprehensive of the operation of competition.

The government has now reserved for itself only 18 industrial groups, mainly of strategic importance and mining, and Indian businessmen will now need licenses only for such sectors as cars, coal, petroleum and 15 others.

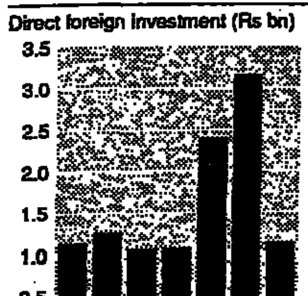
The policy on the public sector remains ambivalent. Areas such as essential infrastructure, exploration for oil and minerals and industries "crucial to the long-term development of the economy and where private sector investment is inadequate" still remain in the public domain.

Privatisation of the many unprofitable public enterprises has not been explicitly accepted, partly for political reasons and the commitment of the Congress party to Nehru's policy that the public sector should be at the "commanding heights" of industry.

But many expect that the new industrial policy will diminish the importance of this dogma.

India

Direct foreign investment (Rs bn)



Ban on Japanese uranium plant lifted

By Steven Butler in Tokyo

A URANIUM enrichment facility near Rokkasho Village, in Aomori Prefecture in northern Japan, is set to begin operations after agreement was reached on safety with local government authorities.

The future of the facility had been in doubt following the election of Mr Hiroshi Tsuchida as mayor to the village in late 1989 after he promised to "freeze" construction of the complex.

The mayor's action did not halt construction, which was completed in May, but prevented any testing of the facility or deliveries of uranium. He is credited with helping to obtain public agreement on the safety procedures.

Mr Ryuji Mitsui, deputy manager of the construction office of the Japan Nuclear Fuel Industries, said uranium would now be brought to the site for testing and that full operation would start in January 1991.

The capacity at the plant is to be expanded gradually over the next 10 years, when it is expected to provide about one-third of the fuel for Japan's 37 nuclear power stations. Japan currently relies on Britain and France to recycle nuclear fuel.

The agreement was signed by the Rokkasho authorities, Aomori Prefecture, and Japan Nuclear Fuel, which is 75 per cent owned by electric power companies.

The safety agreement includes 22 articles which allow village or prefectural officials to inspect the facilities at any time without giving notice.

Harare sees cut in deficit as percentage of GDP

MR Bernard Chidzero, Zimbabwe's finance minister, yesterday told parliament in his budget address that the forecast deficit of 1.461bn Zimbabwe dollars ($440m) was about 7.6 per cent of gross domestic product compared with 10.3 per cent in the year ended June 30, Reuter reports from Harare.

Zimbabwe embarked on an export-driven reform programme this year and donors have waited to see how it was progressing before disbursing pledged support funds.

A cut in the budget deficit is seen as a key element in the plan to boost economic growth by a sustainable five per cent annually by 1995.

WORLD TRADE NEWS

Nordic countries urge shipping liberalisation

By William Dullforce in Geneva

THE NORDIC countries are about to call for the full liberalisation of international shipping in a proposal they hope will remove an important obstacle to agreement on services in the Uruguay Round trade talks.

Finland, Iceland, Norway and Sweden will recommend that, under a general agreement on trade in services, governments should undertake to eliminate over a period of time all restrictions on international maritime transport.

By implication, shipping companies would have to stop the cartel-like arrangements, known as conferences, which today fix freight rates and co-ordinate services on practically all the world's shipping routes.

The UN's liner code, which provides for cargo-sharing on the 40-40-20 principle between two countries, would also have to be reconsidered. Under the UN code, designed to boost developing countries' share in international shipping, 40 per cent of freight should be reserved for companies belonging to each country with 20 per cent for vessels from other nations.

Initially, the Nordic countries will suggest countries should agree to introduce no new regulations constraining shipping. This standstill would be followed by a commitment to roll back and phase out existing restrictions. A standstill to restraints on other maritime transport activities, such as port facilities and tug services, would be followed by a common commitment to ensure access to these services to all comers.

Shipping companies would have to abandon the cartel-like conference system

Mr Kjell Lillerud of Norway told Uruguay Round negotiators yesterday that the Nordic countries aimed to submit their proposal next week, ahead of formal talks on maritime transport in the middle of September.

Nordic countries have however yet to agree on how to phrase the part dealing with the vexed question of cabotage, the practice under which most nations restrict shipping within their waters to vessels carrying their own flags.

With the Nordic proposal is the hope that one of the blocks imposed by the US on completion of an agreement liberalising trade in services can be removed. The US is refusing to extend the General Agreement on Tariffs and Trade's most-favoured-nation (MFN) rule to shipping services. Under this non-discriminatory principle trade benefits accorded to one country have to be made available to all other Gatt members.

The US position is paradoxical. The administration was committed to unfettered competition in international shipping; it had refused to sign the UN liner code. But it changed tack under pressure from its politically powerful maritime industry which insists on the administration retaining its right under the Navigation Act to take trade sanctions against countries deemed to impose unfair restrictions on US shipping companies.

US shippers argue that a big domestic legal stick can curb protection more effectively than any maritime undertaking likely to emerge from the Uruguay Round.

Equally problematic for the Nordics is that their proposal will arouse fierce opposition from developing countries whichstruggled for over a decade to bring the UN liner code into effect in 1983.

Sumitomo, IHI join forces on gas carriers

By Steven Butler in Tokyo

ISHIKAWAJIMA-Harima Heavy Industries (IHI) and Sumitomo Heavy Industries, the Japanese shipbuilding companies, are joining forces in an effort to capture what is expected to be a large number of orders for liquefied natural gas (LNG) carriers in the next few years.

IHI said yesterday it had signed a licensing agreement with Sumitomo which will allow Sumitomo to build IHI-designed LNG vessels.

The companies have also entered discussions aimed at establishing a broader range of co-operation. This could lead to the companies submitting joint tenders for ship orders. Alternatively Sumitomo may act as a sub-contractor for IHI.

The companies are preparing to submit bids for a Qatar project early next year for which 12 carriers will be required to transport LNG to Chubu Power in the company in Japan.

Each ship will have a capacity of 13,500 cubic metres and an expected value each of Y35bn (£150m) each.

IHI said it lacked the capacity to bid for an order of this size and deliver the ships in the required period by itself. At the same time Sumitomo had been seeking to enter the LNG carrier field but lacked experience.

IHI has proprietary technology for a cube-shaped LNG tank, which the company says has a number of advantages over the traditional spherical shaped tanks normally deployed on LNG carriers.

IHI is already building two LNG carriers for Phillips 66 Natural Gas and Marathon Oil at a contract value of Y45bn.

● Kobe Steel of Japan and the Aluminum Company of America (Alcoa) have agreed in principle to form a 50-50 joint venture company in Japan for research and development and eventual manufacture of aluminium products for the transportation industry, including vehicles.

The two companies formed a strategic alliance last year and early this year established a joint venture in Japan to produce and market aluminium can stock.

Philippines presses US on textiles pact

THE Philippines has asked the US for a new bilateral textile agreement to replace the current pact which expires in December, Mr Peter Garrucho, trade and industry secretary said, Reuter reports from Manila.

He said Manila would like to sit down with Washington next month to negotiate a new textile agreement despite uncertainty over the Multi-Fibre Arrangement (MFA).

The MFA, which governs the quota system between garment and textile importing countries and exporting countries, is due to expire at the end of this month and it was unclear if it would be extended.

The Philippines and its partners in the Association of South-east Asian Nations (Asean) are pressing for the extension of the MFA for another 17 months.

The other Asean states are Brunei, Indonesia, Malaysia, Singapore and Thailand.

Mr Garrucho said initial talks with US officials indicated that Washington was inclined more towards extending the existing textile agreement for two years rather than forging a new one.

The present agreement provides for a 6 per cent annual quota increase but Manila is aiming for a higher growth rate, officials said.

The Philippines exported $1.2bn (£708m) of garments to the US last year out of total garment exports of $1.6bn.

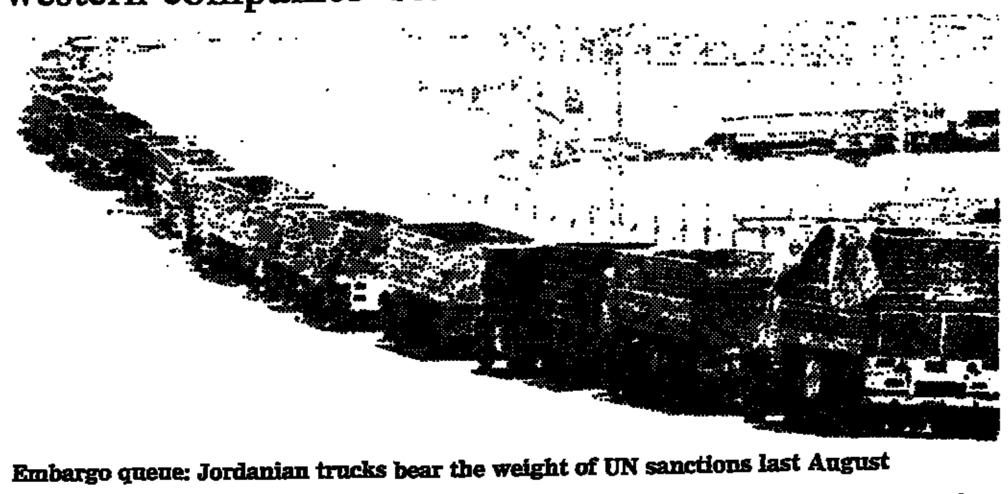
In the first six months of 1991, garment exports to the US dropped to $544m from $601m a year earlier, official statistics showed.

The slack performance was attributed to lower prices and reduced demand because of the US recession, industry sources said.

Total garment exports in the 1991 six-month period was $942m against its year-ago level of $945.8m.

Reverse side of the sanctions coin

Andrew Jack on western companies' reaction to the Iraq embargo



Embargo queue: Jordanian trucks bear the weight of UN sanctions last August

MR MICHAEL Briggs had little time to celebrate when he escaped from Iraq last August. Relief at his personal safety after the invasion of Kuwait was quickly replaced by concern for the effects of the UN embargo on his business.

One month later, Microwave Modules of Aintree near Liverpool called in the administrative receiver. The company had already begun work on the second phase of a £1m contract to supply telecommunications equipment to Baghdad. No payments have ever arrived.

While world trade sanctions have been penalising Iraq's economy and its population for almost a year, many companies around the world continue to feel the effects on their own operations. Some may have illegally broken the embargo; many more are struggling to patch the holes in business it has caused.

"It is desperate at the moment," says Mr Rassa Al-Jannabi, the director of Partex, a small company near London which exported automotive spare parts exclusively to Iraq. "Sanctions have affected us more than the people over there."

"Whatever we made over the years in trade, we have lost ten times over," he says. Orders worth £500,000 were dispatched last July.

Some arrived in Iraq, while others have been frozen in expensive storage sites. His business has had no income to help pay the bills.

Partex is one of a number of smaller companies which traded with Iraq but did not use the British government's Export Credit Guarantee Department (ECGD) or a similar scheme to underwrite their contracts. Many relied simply on letters of credit issued by the London branch of the Iraqi Rafidain Bank.

All payments from the bank were cancelled when the freeze on Iraqi assets held abroad came into effect in August. The Bank of England petitioned the courts to wind up Rafidain in February, with the result that it is now in provisional liquidation. The High Court recently deferred any further action for a year.

Some executives wonder whether liquidation would jeopardise trade with Iraq once sanctions are lifted by destroying the traditional goodwill that existed between Baghdad and London – home of the only branch of the bank outside the Middle East.

For companies involved in trade with Iraq who did have some form of insurance, outstanding payments have still not always been settled. Biwater, the UK water contractor which had three contracts in Iraq worth £30m, is still in discussions with the ECGD over exactly what should be re-imbursed. However, the company insists that the wrangling has been no more protracted than with any other claim.

Babcock Energy was more fortunate. The company had begun work on a £160m contract to supply six boilers for the Al-Anbr power station in Iraq. It had not shipped anything but had already received down payments which covered its costs.

Companies in other countries have been badly hit too. Danieli, the Italian engineering group, had a DM750m (£253m) steel mill contract with Iraq. Shipments were frozen last August and have hit earnings despite export guarantees.

Mercedes Benz halted deliveries of commercial vehicles last August. Business had just begun to pick up after the end of the war between Iran and Iraq. However, growing demand in former East Germany has helped.

Most large businesses were not as reliant on Iraqi contracts as their smaller counterparts and have been less severely affected as a result. But many have struggled to readjust by creating new markets.

Babcock Energy made 80 staff redundant when sanctions were introduced, although it has since taken on new staff. "We were back on target within four months," says Lace.

Companies which spent years building up links with Iraq are reluctant to abandon them. "It's silly that after the war sanctions are still operating on goods not related to military uses," says one sales manager.

In the last few weeks, he says, a number of Iraqi contacts have been travelling to Jordan and starting to rebuild their businesses. They have been in touch with him and are eager to start trading again.

At the same time, reports from Baghdad indicate that the capital's hotels are beginning to swell with foreign executives eager to pave the way for renewed trade.

S Korea starts to open up maritime transport sector

SOUTH KOREA is gradually exposing its heavily-protected shipping industry to the discipline of free international market forces, Reuter reports from Seoul.

Overseas shipping lines were permitted to establish in-country branch offices and joint ventures in 1989. Discriminatory port fees and surcharges levied on foreign flag carriers were removed in March 1991. From August 1, the first steps towards deregulation of the inland container trucking market go into effect.

South Korean planners hope deregulation plans will mollify the nation's foreign trade partners who are stepping up pressure for reciprocal access to the maritime market here.

It remains to be seen whether Seoul's decision to partially open the inland container trucking market will head off a US threat to impose a $100,000 (£59,000) levy on Korean ships calling at US ports.

South Korean shipping, heavily regulated since a 1983 government bail-out, has now become uncompetitive and is losing its share of shipping import and export cargoes in and out of the country.

"Enterprises must be cultivated so they will be able to stand on their own," former chairman of the Korea Maritime Institute, Song Hee-Yyon, wrote in Korea Trade and Business magazine before he departed from the post.

Korea Shipowners' Association figures show the market share of South Korean-owned ships slipped to 36.3 per cent in 1990 from 45 per cent in 1985. Chartered-in tonnage raised the home country's share in 1990 closer to 54 per cent.

The government dealt with the bankruptcies and losses threatened by the global shipping recession of the early 1980s by compulsory pruning, merging and closing of lines, slashing the 79 carriers here to 34 between 1983 and 1986. Ships were parcelled out to survivors. Routes were strictly allocated and 17 lines were permitted to carry cargoes to and from Japan.

AMERICAN NEWS

Poor outlook for exports, says US report

By Nancy Dunne in Washington

US manufacturers are expecting an unusually lethargic recovery, a slowdown in export growth in the short term and a pick-up in imports over the next year, according to the National Association of Manufacturers.

A report published yesterday by Mr Jerry Jasinowski, the NAM president, and based partly on a survey of top US companies, echoed the majority view among US economists – that the US recession ended in the last quarter. However, it offered little hope that US exports would lead the way to prosperity over the short term.

"The spectacular trade improvement witnessed during the recession was attributable mainly to the decline in domestic demand, although the low dollar was also a powerful contributing factor," Mr Jasinowski said. "With demand relatively lackhistre, it remains to be seen if the reduction in imports can be made permanent."

In the short term, he foresees a cyclical rise in imports of 7.4 per cent over the next four quarters. Exports will rise more slowly, by 6.3 per cent, because of the slowdown in Europe and the recent rise in the dollar.

The NAM expects continued caution by the Federal Reserve and a gradual tightening of monetary policy as the recovery gets under way. "There is some cause for concern that the current monetary targets may be too restrictive," Mr Jasinowski said.

Manufacturers see excessive debt levels as an important obstacle to sustained growth, along with weak global growth, high interest rates and lack of available credit. Big US industrial sectors – construction and the motor sector – have been over-active in relation to demand.

Although merchandise imports have fallen, US industrial exports have continued to rise. Foreign sales, says the NAM, offer the best hope for the US economy in the long term, and it is urging the Bush administration to make exports a national priority. The Uruguay Round of trade liberalisation talks must be completed and US trade partners pressed to open their markets further.

Most manufacturers reject the possibility of a "double dip" recession, predicted by some economists, during which the economy would move into a second recession this year.

Paper war to be fought before Noriega is tried

The general says classified US government documents are crucial to his case, writes Henry Hamman

ONLY six weeks before his trial on narcotics trafficking charges, lawyers for former Panamanian ruler General Manuel Antonio Noriega and government prosecutors still have not agreed on the scope of evidence that will be admitted in the trial.

At issue are classified US government documents which the defence says cover such issues as the general's relations with President George Bush while Mr Bush was director of the Central Intelligence Agency in the 1970s and vice president in the Reagan administration, as well as Gen Noriega's role in supplying the Contra rebels with weapons to fight the Sandinista government of Nicaragua.

The defence has also sought to bring evidence that Gen Noriega was involved in supplying Exocet missiles to Argentina during the Falklands war at the behest of US agencies.

Federal District Judge William Hoeveler, who will try the case, is now listening to arguments from the defence and prosecution over which documents should be admitted into evidence.

Since the documents are all classified, the hearing on their release is being held behind closed doors.

The decision Judge Hoeveler gives on the scope of classified documents to be admitted as evidence will have a crucial bearing on both the defence strategy in the trial and, perhaps, the government's willingness to go forward with the case.

In some other cases the government has chosen to abandon prosecutions rather than allow classified documents to be introduced. Lawyers refer to a strategy that exploits government concerns about secrecy as "greymail."

While the current hearing on the documents question is being held *in camera*, a declassified transcript of an earlier closed hearing on the same subject makes clear that the defence has cast widely its request for classified information. For its part, the government is seeking strict limits on the evidence which can be admitted.

One question which both sides acknowledge will be crucial is whether it can be shown that Gen Noriega undertook actions which might have violated US law following some sort of authorisation from US officials.

Both the defence and the government agree that Gen Noriega did co-operate with US intelligence agencies for a long time. And both sides agree that the US paid him for his co-operation, though they argue about how much.

The prosecution, however, argues that no matter what the general's relationship with agencies of the government, the case against him should be confined to charges that he was actively involved in drug shipments to the US and in supporting the activities of the Medellin drugs cartel.

In one filing, the prosecutors said they planned to offer evidence that in addition to the four shipments of cocaine for which the indictment alleges Gen Noriega arranged shipment, he also arranged transit for "10 to 15 additional multi-hundred kilogram loads."

The prosecution also says it will show that Gen Noriega arranged for the importation of a Ferrari sports car for a member of the cartel and provided Panamanian passports for cartel leaders.

The government has announced, too, that it will produce a witness who will say he snorted cocaine with Gen Noriega and that Gen Noriega offered to arrange deliveries of cocaine to the US at a price of $35,000 (£20,800) a kilo.

The defence by contrast will seek to show that any violations of US law which could be charged to Gen Noriega were committed only under authorisation from his intelligence agency contacts.

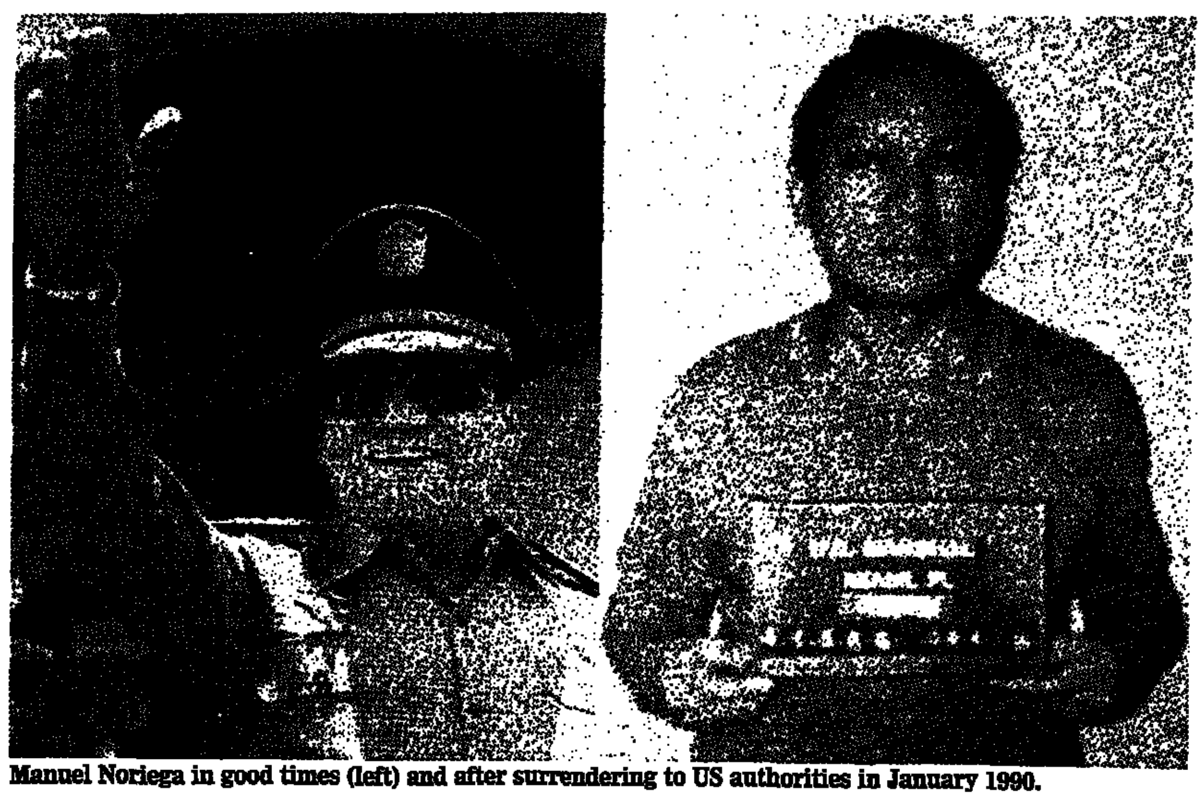
In the current hearing, defence attorneys say they are seeking documents covering approximately 22 different areas of that relationship. Gen Noriega's lead attorney, Mr Frank Rubino, says the decision Judge Hoeveler makes on the admissibility of documents will be crucial.

Mr Rubino says Gen Noriega had been in the courtroom throughout the hearing and had been actively assisting the defence team. The general is "not displeased" by the legal proceedings. But, adds Mr Rubino, "what he may have some disappointment in is if certain documents he believes are necessary to tell his side of the story are excluded. Then he's going to be very upset, and I don't blame him."

Mr Rubino also says the prosecution team has objected to the admission of almost every document the defence is seeking. He says: "The only document I think the government would ever allow into evidence would be a confession from the general."

Mr Rubino has repeatedly denied rumours that Gen Noriega has been considering a plea bargain with the government.

Despite the short time before the trial opens on September 3, Mr Rubino expects that once the issue of the documents is settled, he will be ready for trial. The hearing is expected to last from two to four months.



Manuel Noriega in good times (left) and after surrendering to US authorities in January 1990.

Optimism rising over Guatemala peace talks

PEACE talks between left-wing guerrillas and the Guatemalan government have advanced well and a pact on strengthening democratic processes is expected soon, according to participants in the talks, Reuter reports from Queretero, Mexico.

"We hope that there will be a joint declaration on this theme and they will move on to analyse the question of human rights," Bishop Rodolfo Quesada, moderator of the talks and president of the Guatemalan National Reconciliation Council, told reporters on Wednesday in Queretero, site of the talks.

"Conditions are becoming right to sign an agreement on democratisation," added guerrilla leader Mr Rolando Roman, who is a delegate at the talks.

The strengthening of democratic processes in Guatemala is the first item on the agenda at the talks, which seek to end three decades of conflict that have claimed more than 100,000 lives.

Economic and social redistribution and improvements to the judicial system are also on the agenda.

The talks are the third round this year between the guerrillas and the government of President Jorge Serrano, which came to power in January.

Police hunt for Menem's sister-in-law

ARGENTINE police are searching for President Carlos Menem's sister-in-law and former aide after she vanished yesterday, hours after being indicted on drug money laundering charges, writes **John Barham in Buenos Aires.**

Mrs Amalia Yoma, two relatives, a maid and a lapdog fled her Buenos Aires apartment early yesterday morning, shortly after a judge charged her with smuggling drug money from the US. A witness last week said he saw her counting money she allegedly smuggled into Argentina.

In March, a Spanish investigating judge accused Mrs Yoma, her former husband Mr Ibrahim al Ibrahim and Mr Mario Caserta, a former government official, of belonging to an international money-laundering ring. Both men are free on bail, while Mrs Yoma, who resigned on Tuesday as Mr Menem's appointments secretary, had until now avoided formal charges.

Mrs Yoma's indictment and subsequent flight have added a new twist to a growing corruption scandal that threatens Mr Menem's political standing. Although Mr Menem is separated from his wife, Zulema, he has shown remarkable loyalty to her family.

He suspended Mrs Yoma in March, but accepted her resignation only this week. In January, Mr Menem was forced to dismiss her brother, Mr Emir Yoma, as a presidential aide, after he was implicated in a corruption scandal. Earlier, Mr Menem had named Mr Ibrahim customs chief at Buenos Aires airport, where he allegedly participated in money-laundering operations.

After claiming in March that the Spanish investigation was politically motivated, Mr Menem has now sought to distance himself from the scandal and prevent it being used against the government in this autumn's crucial gubernatorial and congressional elections.

His government has been dogged by numerous corruption scandals and his judgment in appointing ministers and aides is widely questioned.

● Argentina's foreign ministry has rejected a statement by Mr Tristan Garel-Jones, UK foreign office minister, who said London had no plans to negotiate sovereignty over the Falkland Islands. A foreign ministry note said Argentina is "convinced that negotiations will inexorably occur and produce a lasting solution to the anachronistic colonial situation".

Polyester thread to beat greenback counterfeiters

THE US government yesterday unveiled changes to the currency in an effort to thwart the use of advanced copying equipment to make counterfeit bills, Reuter reports from Washington.

Mr Nicholas Brady, treasury secretary, and Mr Alan Greenspan, chairman of the Federal Reserve, said two security features would be introduced into $100 bills this year to foil forgers who are using new copying technologies to make phoney money.

The new bill will feature a polyester security thread embedded in the paper on the left side of the portrait of Benjamin Franklin. Printed on the polyester thread are the Federal Reserve seal, the word "USA" and the denomination.

The thread will be visible only when the bill is held up to the light, and cannot be duplicated by copying machines.

Mr Brady said new advanced copying technologies were not yet widely available and only $2m of $80m (£47.6m) in counterfeit money seized last year was made by advanced copying equipment.

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FT26/7

THE BCCI SHUTDOWN

CIA mounts inquiry into its links with bank

By Alan Friedman in New York

THE Central Intelligence Agency (CIA), besieged by reports that it made use of the Bank of Credit and Commerce International (BCCI) to channel payments to individuals involved in covert operations, said yesterday it was conducting an internal review of the matter.

Mr Mark Mansfield, a CIA official, said the inspector-general of the agency was reviewing records with a view to preparing "a comprehensive report for Congressional oversight committees".

Previously the agency has limited itself to denying any allegations of its "unlawful use" of BCCI.

Mr Mansfield, who emphasised that the internal probe was not an unusual step, said: "Obviously there is a great deal of interest. We are reviewing any past contact the CIA may have had with BCCI. It is our practice to look into allegations of wrongdoing."

The CIA declined to comment on a report in yesterday's Financial Times in which Mr Sartaj Asis, Pakistan's finance minister, conceded that BCCI's branches in Pakistan might have been used to channel covert CIA assistance to the Afghan resistance as well as to manage a multi-million-dollar "slush fund" used to reward rebel leaders and Pakistani military officers co-ordinating the guerrilla movement.

Mr Asis yesterday said he was not correctly quoted in accomanying remarks to the Financial Times that BCCI might have helped launder drug money in Pakistan.

He said that in his conversation he was referring to drug money laundering worldwide "not laundering of such money by banks in Pakistan".

The mere use of BCCI by the CIA may not have been illegal, but some allegations have suggested involvement by US intelligence in activities that would have gone beyond the agency's charter.

Among the allegations being investigated by the CIA's inspector-general is a report in this week's issue of Time magazine that CIA agents collaborated with a Karachi-based "black network" run by BCCI. *It is said to have engaged in* extortion, bribery and covert operations. The CIA has dismissed the Time report as "absurd".

A separate issue being examined by the CIA internal review is the degree of knowledge that Mr Robert Gates had of BCCI's activities in 1988. At the time, Mr Gates was deputy director of the agency. He is now the Bush Administration's nominee for CIA director.

Mr William von Raab, the former US Commissioner of Customs, last week told the Financial Times and ABC News/Nightline that Mr Gates appeared to have been "less than candid" about the bank's relationship with the CIA, shortly before the October 1988 indictments of 84 individuals connected to the laundering of drug money by a subsidiary of BCCI in Tampa, Florida.

Mr von Raab said Mr Gates provided him with a memo on the subject but said he subsequently discovered – from UK Customs agents – that the CIA used BCCI to make payments related to clandestine operations around the world.

Senator John Kerry, a Democrat from Massachusetts who has been investigating the BCCI affair, said he was initially informed by the CIA that the memo to Mr von Raab did not exist. The CIA now says it is preparing a response for Mr Kerry.

ABU DHABI AND BANK OF ENGLAND

Talks continue on compensation

By Richard Waters

THE BANK of England and representatives of Abu Dhabi spent much of yesterday discussing possible compensation arrangements for BCCI's depositors, in spite of a report from the Gulf that the ruler of Abu Dhabi had already decided to put no more money into the bank.

A Gulf banker told Reuter that Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi, had said that he would not waste "a single dirham more" on BCCI, which he now condidered to be a "lost cause".

The family of the Sheikh and the state of Abu Dhabi own 77.4 per cent of the bank's Luxembourg-based parent BCCI Holdings SA. They are angry over what they see as hasty action by banking regulators in the West to freeze BCCI assets and close its operations, the Gulf banker said yesterday.

However, the continuation yesterday of talks in London between the Bank and the Sheikh's lawyers, Simmons & Simmons, suggested that Abu Dhabi had not yet ruled out putting up more money for BCCI.

The High Court in London earlier this week gave the Sheikh until next Tuesday to find a way of protecting the interests of BCCI's smaller depositors. Otherwise the court may grant a winding-up order against the bank, as the Bank of England has requested.

Sources close to the Sheikh said of his reported decision not to provide any further support: "We do not believe any such decision." Bankers in the region now believe Abu Dhabi will use BCCI's 40 per cent-owned subsidiary Bank of Credit and Commerce (Emirates), to be renamed Emirates Union Bank, to rescue local depositors.

Protecting the UAE market would not be only a face-saving exercise. Bankers said the local economy was already beginning to suffer as traders and companies with their assets frozen in BCCI could not keep up payments.

The effects are beginning to spread throughout the whole UAE economy, where BCCI had a large part of the market.

A Western bank manager in the UAE said Sheikh Zayed may bail out BCCI depositors in his own country as BCCI's dirham business to UAE borrowers could be separated from the bank's troubled international affairs.

Speaking to MP's earlier this week, Mr Robin Leigh Pemberton, governor of the Bank of England, said he believed that it would not be possible for Sheikh Zayed to compensate BCCI depositors in one country without also compensating those in the UK. This would constitute an illegal preference under insolvency law.

Insolvency experts said yesterday, though, that there would be no legal restrictions preventing the Sheikh from paying off depositors in one part of the group while leaving the others unprotected.

That leaves the way open for a recapitalisation of the BCCI operations in the Gulf, while leaving those in the UK and elsewhere to be liquidated.

Mr Leigh-Pemberton, appearing before Treasury and Civil Service Select Committee, said he thought it unlikely any attempt would be made to refloat the UK business.

Sheikh Zayed: "has not ruled out further support"

PARLIAMENT

Labour steps up attack on Major

By Alison Smith

LABOUR yesterday stepped up efforts to put Mr John Major, the prime minister, in the dock for failing to act promptly over irregularities at BCCI, in an effort to ensure that the setting up of the independent inquiry does not let the government off the hook.

Mr John Smith, the shadow chancellor, detailed a series of questions aimed at exposing ministerial negligence from the beginning of 1990, when there were reports of employees in the US laundering drug money, until the Bank of England closed BCCI early this month.

Allegations on Tuesday from Mr Neil Kinnock, the Labour leader, that Mr Major did not take seriously enough his responsibilities as chancellor for supervising BCCI led to the most bitter parliamentary confrontation yet between the two party leaders.

Mr Smith said that it would not do for ministers to say that supervision of BCCI was exclusively a matter for the Bank, as they were responsible to parliament for regulatory authorities related to their departments.

"The question is not when the government first knew of the massive fraud. It is what they knew about other activities by BCCI which should have been the cause of grave concern," he said.

It was difficult, Mr Smith said, to understand why Mr Major had not sought further information about the serious irregularities that Mr Robin Leigh-Pemberton, the government of the Bank, had discussed with him.

He expressed concern that MPs were dispersing for the summer with only "unsatisfactory response from ministers about what must be regarded as a major failure in the system of regulation".

Separately, Mr John Maples, the economic secretary, made clear that a Bank of England official had warned local authority association representatives that only limited reliance could be placed on the list of authorised deposit-holders produced by the Department of the Environment.

Some councils that lost money when BCCI was closed have threatened legal action against the government, because BCCI continued to appear on the list even while it was being investigated by Price Waterhouse.

Mr Maples said that at a meeting in May the Bank official had specifically advised that the list "did not say anything about the relative creditworthiness of the institutions or that they could not fail. That was an assessment the local authorities . . . had to make."

CRITICISM OF CLOSURE'S PROVISIONS

Exporters call for urgent help

By David Barchard

THE BANK of England was criticised yesterday by the Institute of Export for failing to make plans to deal with letters of credit when it closed BCCI on July 5.

Mr Derek Langham, director-general of the institute, a private body representing exporters, said yesterday that urgent action was needed over £2bn of exports being financed by BCCI.

"The liquidator has mentioned a figure of £340m in letters of credit with bills of lading against them but this is probably only the figure for one day," Mr Langham said. "There is a much larger volume of letters of credit which had been designed for particular markets and had been issued, but whose goods were not yet shipped."

Mr Langham and the institute will meet Touche Ross, the provisional liquidator appointed by the court, today to see what steps can be taken to help exporters.

"I know of letters of credit where there are five interested parties, which is very unusual," Mr Langham said.

The BCCI collapse has affected exporters worldwide and cargoes are stranded until formalities are completed.

Several of BCCI's competitors are trying to fill the gap created by its collapse. Mr Swarup Chowdry, a manager at Midland Bank, said he was handling many cases of exporters who had had letters of credit with BCCI. "We are trying to get clarification from the liquidator on a case-by-case basis to see if documents are with them," he said.

Mr Richard Spalholz, marketing manager for group trade finance at Standard Chartered Bank, said there was a series of possible scenarios for handling letters of credit after the BCCI collapse, depending on how far each order had proceeded.

If an exporter had not yet shipped his cargo, then it might be possible to replace the BCCI letter of credit with another one, but there might also be cases in which goods had been shipped and payment received by an exporter, in which the exporter's bank would now not get payment from BCCI and so would expect the customer to repay it. He said clarification was urgently needed.

LAW SOCIETY

Move to co-ordinate rival action groups

By Richard Waters

AN ATTEMPT to bring together the rival depositors' action groups that have sprung up after the collapse of BCCI is to be made this afternoon by the Law Society.

The society, the professional body for UK solicitors, has called a meeting for lawyers from around the UK who are acting for depositors of BCCI.

So far, 29 law firms have told the society that they are acting for BCCI clients. Of those, the most vociferous have been Richards Butler, a London firm, and Alexander Tatham of Manchester.

Richards Butler, which in the High Court earlier this week represented clients with total deposits of $250m, said it was interested in representing larger depositors. It already acts as agent for some other solicitors.

Smaller depositors are likely to need separate representation, since their interests differ from larger ones.

People with £20,000 or less in BCCI would get back three quarters of their money in the event of an immediate winding-up. Those with larger amounts at stake are likely to try to keep the bank afloat in the hope of support from Abu Dhabi.

BUSINESS FOR SALE

PUBLIC NOTICES

INSURANCE COMPANIES ACT 1982

Notice of Approval of Transfer of Business

CRUSADER INSURANCE PLC
("the transferor")

Notice is hereby given pursuant to section 51 (5) (a) of the above Act that the Secretary of State has approved a transfer of certain general business from the transferors to CIGNA INSURANCE COMPANY OF EUROPE SA-NV.

Department of Trade and Industry
LONDON 26th July 1991

No. 003608
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION MR JUSTICE MERVYN DAVIES
IN THE MATTER OF: UNITED FRIENDLY INSURANCE plc
- and -
IN THE MATTER OF: THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated the 24th day of June 1991 confirming the Reduction of Capital of the above-named Company from £11,000,000 to £2,989,409.50 and the Minute approved by the Court showing with respect to the Share Capital of the Company as altered, the several particulars required by the above Act were registered by the Registrar of Companies on the 4th day of July 1991.
DATED the 24th day of July 1991

Slaughter and May,
35, Basinghall Street,
London, EC2
Solicitors for the said Company

CLUBS

LEGAL NOTICES

No. 006380 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF ASSOCIATED FARMERS p.l.c.
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 8th July 1991 confirming the reduction of £1,120,354 of the amount standing to the credit of the Share Premium account of the above named Company in accordance with the above-mentioned Act was registered by the Registrar of Companies on 18th July 1991.

Dated this 25th day of July 1991

Mills & Reeve,
3/7 Redwell Street,
Norwich, NR2 4TJ
(Ref: RJH)
Solicitors for the Company

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
No. 006667 of 1991
IN THE MATTER OF TECHNOLOGY HOLDINGS LIMITED
and
IN THE MATTER OF THE COMPANIES ACTS 1985 AND 1989

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 8th July 1991 confirming the cancellation of £14,281,992.45p of the amount standing to the credit of the Share Premium Account of the above Company was registered by the Registrar of Companies on 16th July 1991.

NORTON ROSE
Kempson House,
P.O. Box 570
Camomile Street,
London EC3A 7AN
Ref: AJFR/63/R190223
As agents for Addleshaw Sons & Latham of
Dennis House,
Marsden Street,
Manchester M2 1JD
Ref: EN50 (34)

Solicitors for the Company

Harder landing for travel trade

WHEN Mr Peter Lilley, trade and industry secretary, announced the government's plans this week to shake-up consumer protection in the travel trade he was surprisingly low-key in his remarks.

It was, after all, an ideal opportunity to stress the government's concern with consumer protection when buying a holiday.

The government's proposals will effectively outlaw all last-minute holiday surcharges, make tour operators and travel agents responsible – with the threat of criminal fines – for the content of brochures and other information, and ensure that any package holiday involving air, sea, or land travel will be protected by a bond from a tour operator licensed by the government.

The proposals – introduced to enable the UK to comply with an EC directive on package travel which comes into force at the end of next year – are the most-far reaching reform of the travel trade since the mid 1970s.

Then, the collapse of Clarksons and other operators led the government set up a licensing system through the Civil Aviation Authority. In addition, a levy on all charter flights was imposed for a couple of years to provide a back-up fund, the Air Travel Reserve fund, currently standing at £27m.

Mr Lilley's reluctance to embrace the latest proposals as a victory for the consumer owe much to the way the government has been forced to adopt

By David Churchill

the licensing role. When the European Commission first mooted the idea in the late 1980s the UK government saw little need to interfere with the existing system adopted by the travel trade operated by the Association of British Travel Agents.

After the Clarksons collapse, Abta took on the responsibility for guaranteeing consumers their holiday or their money back if either the tour operator or travel agent involved was a member of the association.

Until last Autumn, the Abta system worked well.

But last October one of Abta's founder members – Exchange Travel – went into receivership, mainly as a consequence of poor management unconnected to the recession.

Abta's finances were stretched by further collapses and as a result of these cash calls doubts were raised as to whether it could stand another travel trade collapse. It certainly did not now seem the ideal vehicle for the government to invest the responsibility for meeting the obligations under the EC directive.

The result, not surprisingly, was yesterday being described in travel trade circles as "muddled and badly throughout."

Mr Lilley's response is that the proposals are only consultative and can be corrected before the regulations are laid before parliament some time next year.

The main uncertainty involves the proposed licensing system of tour operators. The CAA already licenses tour operators to carry air passengers on charters; not surprisingly, it is less than keen to take on the responsibility for package holidays involving ferries, coaches, and trains.

If it does take on the role, it would probably ask the Tour Operators Study Group – an informal association of the 17 leading tour operators – to administer the bonding system and organise any necessary repatriation of holidaymakers stranded abroad.

The key weakness of the government's proposals, moreover, is that they only cover pre-arranged package travel arrangements.

Similarly, while some re-arranged conference and incentive travel deals would be covered by the new proposals, a hotel, airline, and car-hire package put together at a business traveller's request would fall outside the guidelines.

The government's proposals also leave unanswered the need for control over rogue travel agents. The most common problem is an agent who takes on a deposit for a holiday and then goes into receivership before passing that money on to the tour operator; at present Abta guarantees the money for consumers, but it seems likely that its members will want to forgoe such an all-embracing role.

If Abta's future remains uncertain, travel companies themselves are less than happy with other aspects of the proposals. "My initial thought is that it is wrong to impose criminal penalties on tour operators instead of allowing the matter to go through the civil courts," points out Mr Howard Klein, chairman of the Owners Abroad group, the second largest UK tour operator.

European Commission blocks aid to mining areas

By Andrew Hill in Brussels

THE European Commission is refusing to release £100m intended for depressed UK coal-mining regions because it is still not satisfied about the transparency of the British system for allocating EC regional aid.

Mr Bruce Millan, commissioner for regional policy, yesterday announced Ecu1.87bn of regional aid to other member states under a variety of different programmes, but the UK package, which has been awaiting signature since January, is likely to be held up until September.

"I'm not satisfied that the arrangements in the UK ensure that the funds have the impact in the areas in which they are intended. The way in which the funds and the capital allocations to local authorities are distributed doesn't give me that guarantee at the moment," said the commissioner yesterday, although he added that negotiations with the British government were continuing.

The UK, which should be the biggest beneficiary of the Ecu300m Rechar programme, says the delay is caused simply by the complexities of the local government funding procedures, and the difficulty of matching those procedures to the system of allocating EC structural funds - the four-year Ecu60.3bn regional aid programme which began in 1989.

Later, Mr Millan said it was expected that money would be used in areas for which it was intended and not distributed elsewhere. "If I am putting money into coal-mining, I do not want it to finish up in central London."

Mr Millan said he would press for further funds to be allocated to regional aid after 1993, either through an increase in the structural funds themselves or through the introduction of new funding instruments. These could be tied to environmental projects, urban development or health and education, he suggested.

Despite holding up the Rechar aid, the commissioner was able to announce an Ecu76m package of aid for a programme submitted jointly by the British government and the Irish Republic and aimed at encouraging cross-border co-operation between the two countries.

Luxembourg asked to rule on sex equality in pensions case

By Raymond Hughes, Law Courts Correspondent

THE European Court of Justice in Luxembourg is to be asked to say what effect a ruling it made on sex equality in pension benefits has on the 3,400 men and women members of pension funds in Coloroll, which collapsed in June last year

In a move which has the backing of the UK government, a High Court judge yesterday referred to Luxembourg questions formulated by lawyers for the Coloroll pension trustees and for representatives of members of the pension funds with conflicting interests.

Sir Nicolas Browne-Wilkinson, the vice-chancellor - the senior Chancery judge - also agreed to take the unusual step of writing to the President of the European Court to ask that the Coloroll case be heard in conjunction with cases raising similar issues referred to Luxembourg from the Netherlands and Germany.

Sir Nicolas will also urge that the case be expedited, in the hope that a ruling might be given in about a year, rather than the two years that usually elapse before a decision is reached in the European Court on such a reference.

The Coloroll problems arise because of the European judges' ruling in the Barber case in May 1990 that pension counted as pay and that different pension qualifying ages for men and women would offend Article 119 of the Rome Treaty.

Difficulties have arisen principally over the degree of retrospection that should be applied to benefits accrued before the Barber judgment. The Coloroll trustees cannot wind-up the pension schemes until they know how that ruling affects them.

Mr Patrick Howell QC, for the trustees, told Sir Nicolas there were about 3,400 men and women in the various company schemes, which had total assets of about £51m.

The largest scheme had assets of over £26m and might still have a small surplus after allowing for the payment of extra benefits that would be required if the equality provisions had to be applied.

However, the smallest scheme already had a deficiency so the imposition of additional liabilities would further deplete at least some of the existing benefits under the scheme.

Mr Howell said a number of uncertainties existed over the application of Article 119 to UK occupational pension schemes, particularly where they were established in trust, and particularly in the light of the Barber judgment. The Barber case concerned a non-contributory scheme, whereas the Coloroll schemes were contributory, he said. One of the questions for Luxembourg concerned the position where the person required to provide funds to bring about equal treatment was not an employer but another beneficiary whose benefit might be reduced, he said.

Major urges business towards more community involvement

By Alan Pike, Social Affairs Correspondent

A DRIVE to make the 1990s a decade of much greater community involvement by British companies was launched with the support of the Prince of Wales and the prime minister yesterday.

Business in the Community, which promotes industry-community partnerships, unveiled Directions for the Nineties; a strategy to encourage far more companies, including small and medium-sized ones, to take part in social activities.

At the heart of the strategy will be an attempt to convince business leaders that community involvement makes intelligent business sense – by building "intangible" assets like staff development, local markets and corporate reputation – as well as benefiting the wider community.

It also calls for closer partnerships between business, government, local authorities, trade unions and other bodies with an interest in community regeneration.

Mr John Major, speaking at BIC's annual conference in London, gave enthusiastic support to the concept of industry-community partnership. He

John Major: enthusiast

said it would contribute to maximising the economic opportunities of the decade.

Earlier Mr John Banham, director-general of the Confederation of British Industry, said that he believed the problems of Britain's inner cities still constituted the "great potential domestic challenge" to society.

Only an effective business-led partnership, involving central and local government, could provide the impetus for change and prevent the cycle of deprivation becoming irreversible.

Mr Banham said it would be foolish to pretend that the general reputation of business had not been seriously damaged in recent months. "We can all think of headlines – about top management pay, high interest rates affecting smaller firms, late payment of bills, unemployment – which we would rather not have seen."

The Prince of Wales, president of BIC, told the conference it was becoming increasingly recognised that if companies wanted to add value to their businesses, they had to add values as well. During the 1990s, every business in Britain has to be persuaded to follow the pioneering lead of those active in community programmes.

New research, said the Prince, showed that the environment and education were the community themes on which European business leaders wanted to concentrate their energies, while employee welfare and health issues were also considered to be of growing significance.

Ashley Ashwood

UK fishing industry is already suffering from a combination of excess fishing capacity and a reduction in fish stocks

EC turns the tide in favour of the wandering fishermen of Galicia

Peter Bruce in Madrid, on what EC ruling means for Spain's fleet

THE PIPE bands in some of Galicia's coastal towns would be enough to bring tears to any Celtic eyes. English ones too. And the Galician fishermen who yesterday won their case against Britain's Merchant Shipping Act know about tears.

Times are hard in north-east Spain too. Yesterday's victory, in which the EC ruled that British law could not impose ownership restrictions on vessels in British waters, will come as a huge relief to the Spanish fishing community, most of them Galicians, because they are running out of fishing grounds a great deal faster than they are running out of fishermen.

Last year the Galicians were forced out of Namibia. Fleets from Southern Spain constantly brush up against the Moroccan authority. The fight by Galician and other northern Spanish trawlermen to fish British waters and stay there, and register their ships there, is not a cynical entrepreneurial trick - it is desperate.

Spain's 17,000-strong fishing fleet is the biggest in the European Community. The government, anxious not to upset

Spain's fishing fleet is the biggest in the EC: the government, anxious not to upset loyal Andalucian voters in the south and keen to hold the peasant vote in the north, has done little to encourage rationalisation of the fleet

loyal Andalucian voters in the south and keen to hold the peasant vote in the north, has done little to encourage rationalisation of the fleet, although Madrid claims tonnage has been cut 11 per cent inder the eight year old Common Fisheries policy. Some analysts believe up to 30 per cent of Spain's fishermen are illiterate and would have nowhere to go if they were to lose their jobs.

Having fished out their own waters Spanish deep sea companies have spread out around the Atlantic and have registered ships in Britain and Ireland to take advantage of quota allotted to those two countries under the CFP.

The Spanish, in fact, first registered a trawler in the UK in 1957 but by the time the new Merchant Shipping Act sought to bar the Spanish ships two years ago, their numbers registered in Britain had risen to more than 100. About 80 Galician firms were involved.

Principally, the British and Irish waters are being fished for hake, which fetches about three times the price in Spain than it would in the UK, making the costs of catching far from Spain worthwhile. Hake (merluza in Castillian) is regarded as something of a delicacy and forms the basis of a string of modern Basque dishes that are Spanish favourites.

The Spanish have also long believed that their agreement to allow the marketing of a thing called British Sherry has never been fully compensated for and will have few sleepless nights about putting a few British noses out of joint over fishing rights.

British fleets fear long term decline rather than a second Spanish armada

James Buxton, in Scotland, on a spirit of resignation in the UK fleet

THE British fishing industry received news of the European Court ruling with resignation but without surprise or even undue alarm.

"The immediate effects will not be all that bad," said Mr Richard Banks, chief executive of the National Federation of Fishermens' Organisations.

"The worry is in the longer term, and it comes on top of a lot of other problems in the industry." The judgment had been widely expected, he said.

Mr Banks acknowledged that if the provisions of the 1988 Merchant Shipping Act had been intended to keep Spanish boats out of British waters, these had been largely negated because Spanish fishermen were now operating through British brass-plate companies under a kind of flag of convenience arrangement, which involved some British ownership of the boats and some British crew on board.

"I don't think there'll be a great armada of Spanish boats coming to take advantage of the ruling," he said, "but there will be a trickle." Dutch boats fishing for sole in the North Sea might exploit the ruling too, he said.

The Spanish boats fish for hake (known in Spain as merluzo), monkfish and megrim in the waters off south-west England, operating from posts such as Newlyn and Falmouth in Cornwall, and ports in South Wales. They obtain access to British quotas for these fish through their British registration and may be taking 50 or 60 per cent of the British quotas for these species.

The boats are supposed to land half their catches in the UK and be controlled from the UK, but some industry observers believe that the Ministry of Agriculture, Fisheries and Food could try harder to enforce these rules, which the European Court said yesterday were legitimate.

However a British fishing company in Falmouth said yesterday that many of the fish landed there by British-registered Spanish boats were sent immediately by road to Spain without being processed in England. "The fish-processing industry isn't getting the benefit anyway," he said.

Observers think Britain, in reponding to the judgement, could tighten up the rules governing fishing boats operating in British waters to try to ensure that Britain gets a greater part of the value added from the offshore catch.

By lifting a further barrier to the entry of foreign boats into British waters the EC authorities are putting yet more pressure on the British fishing industry which is suffering from a combination of excess fishing capacity and, for demersal fish (such as haddock amd cod), reduced stocks.

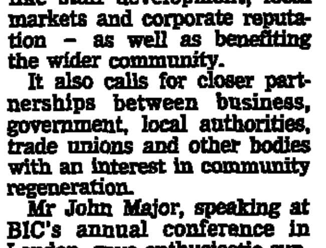
In the first five months of this year landings of cod in Scotland (where about two-thirds of the British fishing industry operates) were down by six per cent on last year, but their value rose by four per cent. Haddock landings were down by 23 per cent but their value fell only by 15 per cent. Last year haddock prices rose 47 per cent and cod 22 per cent.

However lower fish volumes are having a serious effect on the fish processing industry, already struggling in some cases to bring its hygiene standards into line with EC regulations to come into force after 1992.

In 1990 Scottish fishermen faced big cuts in their quotas and had to agree to fish for haddock for only 92 days of the year. This year EC fisheries ministers agreed on only marginally reduced haddock quotas but ruled that boats must tie up for eight days at a time in every month.

The compulsory tie-up is highly unpopular with fishermen who argue that it forces them to go to sea in dangerous conditions. They argue for a government-funded de-commissioning scheme to take older boats out of service but this is opposed by the government which believes it would be both ineffective and wasteful. It wants the industry to produce its own de-commissioning scheme which would involve some private sector funding and a conservation plan.

BRITAIN IN BRIEF



National skill targets win backing

New national targets for the attainment of vocational qualifications has received support from employers, trade union leaders and the government. They set out where skill levels must be by the end of the decade if the UK is to compete successfully in world markets. The UK has the lowest proportion of 17-year-olds in education than its main competitors.

Confusion over aircraft deal

Confusion surrounded a £90m aircraft deal between British Aerospace and Iran, as the British company confirmed it had received confirmation that the US State department had blocked the package.

HIV test risks life assurance

Tens of thousands of people are deterred from taking an HIV test because they fear it could affect their chances of obtaining life assurance, a survey has shown. Mrs Virginia Bottomley, the health minister, described the report as "worrying" and is seeking talks with the Association of British Insurers.

Auditors body established

A new regulatory regime for the UK's auditors will come into force on October 1 following the government's decision to give official recognition to four chartered accountancy bodies to act as quasi-regulators under the Companies Act 1989.

EC exports rise by 16%

British exporters performed well last year despite the recession and the Gulf war, with exports to the EC soaring, Sir Derek Hornby, chairman of the British Overseas Trade Board, said. The report showed exports to EC countries rising by 16 per cent, with the EC accounting for over half.

WDA to raise urban funds

The Welsh Development Agency is to step up its urban development programme to a record £12m this year. Three towns will take a third of the investment.

House loans top £4bn

Britain's nine leading banking groups lent more than £4.1bn in housing loans in the second quarter of this year, the British Bankers' Association reported. Mortgages for house purchase accounted for £3.87bn of this.

Power group finds partner

Yorkshire Electricity has found a new partner for its 240MW gas-fired power station project on South Humberside. The new equity partner will be the Finnish power company, I.V.O. Energy, which has also been awarded the operations and maintenance contract.

Chemicals watchdog

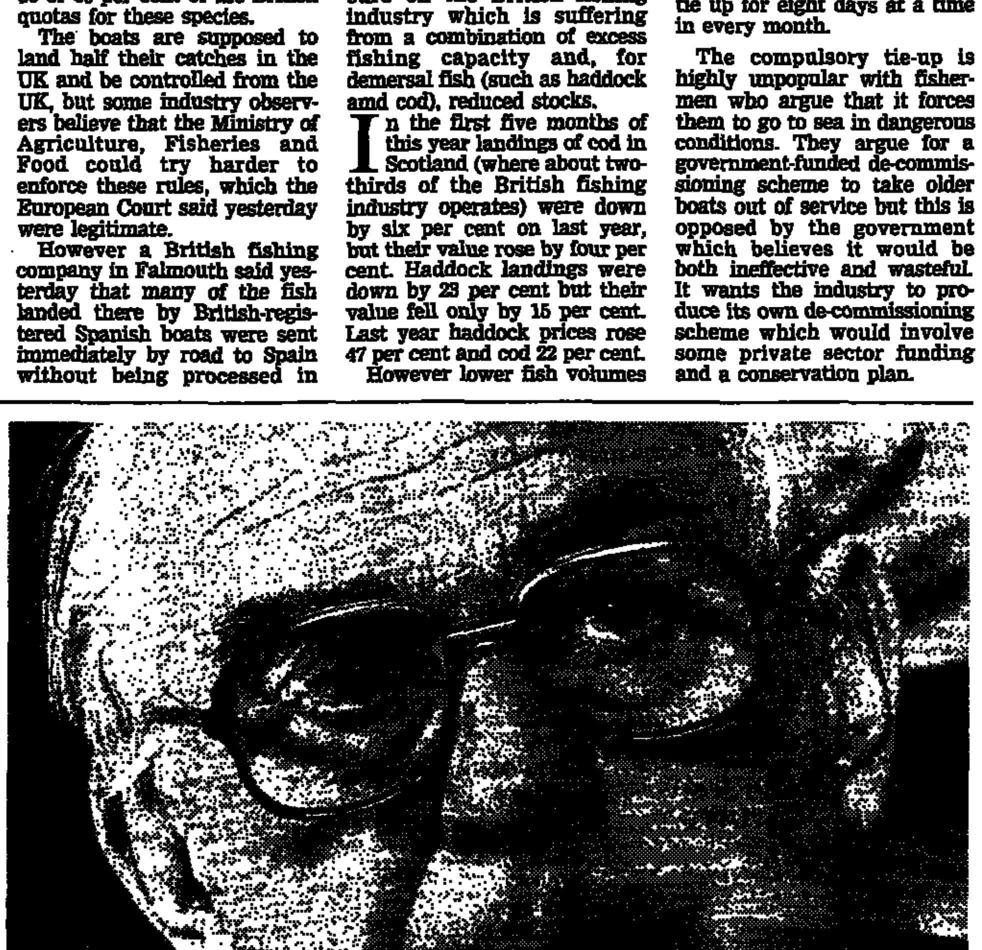
A watchdog committee has been established to advise the government on the use of hazardous chemicals which may be a danger to the environment. It will advise on gathering information about hazardous substances, which chemicals to select for investigation and how to control them.

Forecasting defended

The Treasury defended its forecasting prowess, arguing that there is no reason to suppose its performance has been inferior to that of other groups. The Treasury told a House of Commons committee that its annual economic forecasts at the time of the budget had been "strikingly similar" to those of independent forecasters issued about the same time.

MMC chief reappointed

Sir Sydney Lipworth has been reappointed chairman of the Monopolies and Mergers Commission for a further year when his current appointment expires on December 31.



MR Marmaduke Hussey, the BBC chairman, pictured above, has called for more people to be brought into the corporation from outside to fill senior positions.

In the BBC annual report and accounts Mr Hussey says: "Any organisation with a built-in culture like the BBC needs the fresh and challenging impetus of outsiders to question existing attitudes, premises and procedures. We need more."

The need for new thinking is echoed by Mr Michael Checkland, director-general, who calls on the internal teams preparing proposals for the renewal of the BBC's charter in 1996 to produce "fresh ideas" and radical thinking for a "redefinition of the BBC's function".

Another objective is to cut costs. Mr Hussey says he suspects that "in the past the BBC has spent too freely on capital investment, especially bricks and mortar".

TECHNOLOGY

Andrew Jack examines traffic detection equipment and how it may impinge on civil liberties

Lights, camera, action

The picture on the front page of a German tabloid a few days ago said it all. A driver breaking the speed limit had been caught on film, his face and car number plate clearly visible – along with a defiant gesture.

Drivers throughout Europe are facing an increasing array of traffic detection equipment which is being installed to help the police identify cars and to allow private companies to monitor road usage. The introduction of the technology, however, could raise serious concerns about civil liberties.

The British government's new Road Traffic Act endorses the use of automatic cameras to photograph drivers exceeding the speed limit.

At present, "speedmeters", such as radar guns, require the presence of an operator. But the latest equipment automatically records a picture of the car, showing driver and number plate, while imprinting the date, time and velocity on the edge of each frame.

These automated cameras usually use radar to measure speed, although some use lasers, infra-red rays or sensors in the road. (The speed of the vehicle is calculated from the time it takes to pass over two sensors in the road.)

At present, the equipment is only used experimentally in a few test sites in the UK, such as Twickenham, in the London suburbs. But it is widely used in a number of countries including Switzerland, Austria, the Netherlands, Israel and Australia.

Although this technology is only just being introduced, there is at least one automatic detection device already in use in the UK, which identifies drivers skipping red lights. Some 120 of these "red light cameras", which cannot register the speed of a car, and so cannot be used to check speeding drivers, have been installed on top of traffic lights around Britain. If while the light is red a car passes over an inductive loop in the road just after the stop line, and then another loop one metre further forward, a camera snaps a photograph of the rear of the vehicle as it is driven away.

In congested areas such as around the Severn Bridge, conventional cameras overlooking the road have long been used to control traffic flows. The pictures are connected directly to police control rooms where they are monitored.

But far more powerful, and potentially more worrying, is equipment which can digitally "read" car number plates as the car passes the camera. Computer Recognition Systems, based in Wokingham, has produced versions of its number plate recognition system (NRS) for more than a decade, although business has grown rapidly in the last few months.

NRS uses digital image processing to convert the pictures from a television camera into 250,000 "pixels", or picture elements. It compares them with known patterns to identify the digits and characters on a number plate. Accuracy is now at least 70 per cent, although in some trials up to 95 per cent of number plates have been read correctly, the company claims.

Bill Adaway, managing director, is cautious about revealing clients or even the number of units sold, but says the equipment is used in at least six countries.

The first system was installed experimentally in 1980 in the Dartford Tunnel to help police search for stolen cars. Others have been used for traffic surveys in conjunction with the Transport and Road Research Laboratory and the Department of Transport. Potential applications of the equipment include identifying smugglers' cars at border crossings and recognising public service vehicles to enable them free access to congested areas. Vehicle identification can also be used by companies to ensure that only authorised vehicles enter their premises.

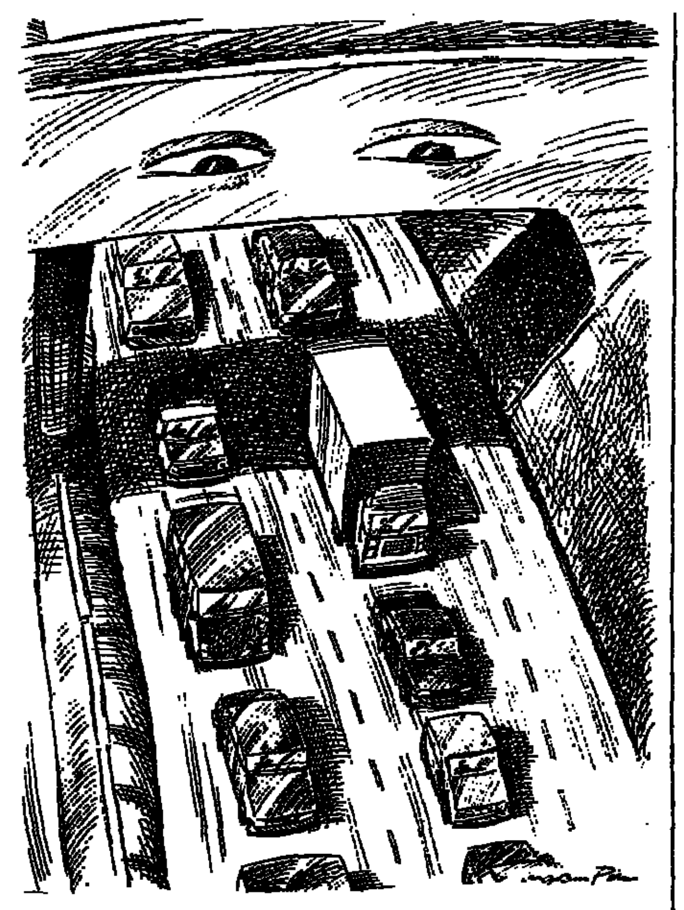
From the end of this year, the public will be exposed to a different form of electronic surveillance at the Dartford River Crossing. Electronic tags with individual numbers will be attached to the vehicles which use the crossing on a regular basis, and each number will correspond to a customer account. An antenna will "read" the tag, and check to see if the driver is in credit.

Similar technology has recently been developed by an Australian company, Integrated Silicon Design, and is being marketed as a way to find stolen cars. Its sensors, mounted on traffic lights, can detect radio frequency tags built into cars from up to 14 metres away, even while the car is speeding away.

The worry with all of these recognition systems is that there may not be strict enough controls over who has access to the information which is being collected, and how it might be used. Many people are concerned that commercial or official survey information on traffic could be passed to a variety of government agencies, including the Inland Revenue or the police.

Bill Adaway of Computer Recognition Systems argues that any loss of privacy may well be balanced by reductions in traffic congestion, pollution or theft which these devices can help bring about. "You may be prepared to put up with some impositions if there is some return," he says. "Besides, if you're not doing anything wrong it doesn't matter if you are being watched."

Even the Automobile Association and the Royal Automobile Club, which once opposed automatic speed detection equipment, are now less concerned. "There's a growing recognition that traffic growth and abuse is a problem," says Paul Watters, a policy researcher with the AA. "We are keen to see the speed limit enforced, and recognise that the police can't do it on their own. They need the technology."



However, Martyn Thomas, chairman of technology consultancy Praxis, of Bath, argues that the rapid growth in computing power could allow vast amounts of surveillance information to be processed easily. He says any gains brought about by the introduction of detection equipment have to be set against the risks for individuals, and calls for tight control over who could get access to data.

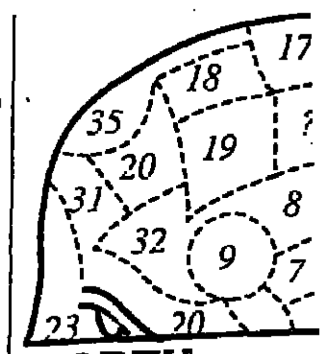
It was precisely this fear that fuelled public opposition to a pilot electronic road pricing system launched by the Hong Kong authorities, which attempted to reduce congestion by identifying cars using radio frequency tags. After two years the political pressure generated forced it to be abandoned in 1985.

Theoretically, under the Data Protection Act in the UK the public has the right to see any personal information stored on computer and correct inaccuracies – unless this is likely to prejudice the prevention of crime. "The area where there is not much control is in who has access to the data and the purposes for which it can be used," says Francis Aldhouse, deputy data protection registrar.

Despite the concerns of a few individuals, no major organisation in Britain seems to have taken up the cudgel on behalf of civil liberties. A spokesperson for Liberty, formerly the National Council for Civil Liberties, says it has not specifically considered the issue, although it believes there should be more statutory controls on police use of technology.

Concerns may grow as the cost of the technology drops and the equipment proliferates. Bill Adaway of Computer Recognition Systems estimates that number plate readers, which today cost about £17,500, could be available for £5,000 by the end of this year. "Although there are obvious social concerns, it is now quite feasible to put a number plate recognition system on every traffic light in the country," he says.

Where automated cameras have been installed, they have not always been passively accepted by road users. German drivers, simmering with anger at being sent photos of themselves speeding, have been know to return to the camera which photographed them and snip the cables.



WORTH WATCHING

by Della Bradshaw

Sounds like a quality system

A CUSTOMER's preference for one motor car over another may lie in something as subjective as the sound the engine makes when the car accelerates. By adjusting the sound just slightly, the manufacturer may be able to persuade the customer that its automobile is of a higher quality that that of its competitors.

To help manufacturers of everything from refrigerators to air conditioning units to produce pleasant-sounding machines, Structural Dynamics Research Corporation (SDRC), the Hitchin-based arm of the US organisation, has developed engineering software to analyse machine-generated noise and help manufacturers adjust it.

SDRC's hardware and software package, called the sound-quality engineering system, analyses the sound made by the existing or prototype machine, determining where each sound element originates and, in the case of a vehicle for example, the path by the noise travels into the interior of the car.

The software creates a target sound – a pleasant sound which the manufacturer should aim for – and analyses what elements of the design would have to be changed to achieve that.

Software wins the speed race

SOFTWARE company Oracle, best known for its relational database management system, has put its weight behind "massively" parallel processing computers, which can handle thousands of streams of data simultaneously – unlike traditional serial computers, which process one bit of data at a time.

In tests carried out on a NCube machine, from the US company of the same name, Oracle reports that data was processed at a rate of 1,073 transactions per second. This was more than 25 per cent faster than when the Oracle relational database management system was run on a traditional mainframe. Then the highest speed was 419 transactions per second.

Oracle, which is adapting its software to run on parallel processing machines, says that because the NCube machine is less expensive than traditional mainframes the price-performance of the parallel machine worked out at more than 20 times better than that of a serial machine.

Hot wires under the spotlight

A WORKING motor incorporating superconducting electric coils has been demonstrated in the US by the Reliance Electric Company, of Cleveland, Ohio.

The superconducting coils, made by the American Superconductor Corporation, of Watertown Massachusetts, have to be cooled to a temperature of nearly -200 deg C. But because the superconducting wires in the coil conduct electricity without losing energy through resistance – unlike copper wires – the demonstration motor produced 25 watts of power with a current of half an amp.

The wires are based on a new family of high-temperature ceramic superconductors which American Superconductor manufactures in a flexible form. The wire is wrapped round a metal core – like thread on a spool – to produce the three-inch high ASC series 77-S50 coil.

Pen-pal offers a helping hand

PEN-based computer systems have proven particularly popular with large manufacturers and public service companies which need to collect data in the field. The trouble for the smaller company is that developing applications software to work on Grid's Gridpad for example, is complex and requires professional software writers.

To solve the problem, Grid, part of the US Tandy Corporation, has introduced an applications development tool, called Pen-Pal, an object-oriented programming language which generates code.

Grid believes Pen-Pal, which was developed by Pen Pal Associates, of Los Altos, California, will enable people who are not trained in writing in the C programming language to write their own programs for use on its hand-held pen and display system.

Operators that speak Japanese

JAPAN'S PC Open Architecture Developers' Group has expanded to 20 members and this week announced specifications for printer and keyboard, writes Steven Butler.

The group was set up in March, on the initiative of IBM Japan, with the aim of developing an open architecture for a personal computer operating system that would be compatible with the IBM/AT system, while able to run Japanese language software. Development of the Japanese computer industry, especially software, has been held back by a proliferation of operating systems, and a lack of compatibility with other systems.

All the major Japanese computer makers – with the notable exception of NEC, which has 50 per cent of the local market – have joined.

Aside from keyboard and printer specifications, the group has also agreed on code page, and format details. A compatibility testing facility has also been opened.

You just try to scratch that car

THE biggest fear when parking a new car must be that someone will come along and scratch the paintwork. But Nissan, the Japanese car company, in conjunction with four Japanese paint makers, has developed a new coating which could thwart even the the most persistent vandal.

The paint is a highly durable, clear top coat made of a mixture of carboxyl and epoxy resins instead of the acrylic and melamine resins used in the past for most clear coatings. Nissan plans to use the new paint on car models scheduled for introduction later this year.

Contacts: SDRC: US, 513 576 2400; UK, 0462 457111. Oracle: US, 415 506 7000; UK, 0344 860066. American Superconductor: US, 617 923 1122. Reliance Electric: 216 266 5800. Grid: UK, 081 897 6565. IBM: Japan, 3586 1111. Nissan: Japan, 03 5565 2146.

MANAGEMENT

The German car-maker is considering drastic action in its head-on competition in the luxury market. **Andrew Fisher** reports

Japanese make BMW think the unthinkable

Wolfgang Reitzle (left) and Eberhard von Kuenheim: keeping production in Germany depends on circumstances

A few years ago, it would have amounted to heresy for one of Germany's manufacturers of luxury, high-performance cars to suggest producing abroad.

That was when the main competition came from Europe and the Japanese had not started to penetrate the upper end of the car market. Mass producers like Volkswagen, Opel (part of General Motors of the US), and Ford (also US-owned) have long had plants abroad. But for Mercedes-Benz, BMW, and Porsche, "made in Germany" had to mean just that, if customers were to be persuaded to pay the higher prices that went with the extra performance, style, and image.

On the whole, the cars are still German-made, of course, but the arguments are weakening in the face of tougher competition – the Japanese now have a wide array of sports and up-market models – rising German costs, especially of labour, and high taxes. Says Eberhard von Kuenheim, who has headed BMW for the past 21 years: "We are much more open-minded about this issue (of producing abroad) than we used to be."

BMW, whose sleek, well-styled models combine elements of hedonism – its headquarters are in the elegant, fun-loving city of Munich – technological performance, and executive comfort, has its main production in the southerly state of Bavaria, where *its other two plants are* in Regensburg and Dingolfing. It also has an engine plant in Austria and small sites in Malaysia, Indonesia, Thailand, and Uruguay assembling cars from imported kits. Like Mercedes, it has a production plant in South Africa to fulfil local content requirements.

Until now, BMW's commitment to producing in Germany, apart from its small foreign assembly operations, was never in doubt. "Our production is in Germany," says von Kuenheim, 62. "Whether it stays there depends on circumstances. Before, we used to say much more strongly to ourselves: 'We must stay here; our cars are made in Germany, we come from Bavaria, and we are called Bayerische Motoren Werke (Bavarian Motor Works)'. We don't see all this so narrowly today."

That does not mean BMW necessarily has plans to start production outside Germany right away. Von Kuenheim is coy about how far its thinking has developed: "It's our job to think the unthinkable," he says. Clearly, as analysts point out, a full-scale foreign production plant would not be feasible for a company the size of BMW, whose output is not far above 500,000 cars a year. But his comments show that conditions are changing quickly and that assembly could well be extended abroad to serve wider regional markets.

Other companies think the same way. Mercedes-Benz, which assembles cars from kits shipped to Asia, is considering doing the same in Mexico. Component-makers like Robert Bosch constantly stress rising cost levels in Germany and the pressure to shift output abroad, especially after the latest near 7 per cent wage settlement in the engineering industry.

So far, BMW has ridden out such problems, propelled along by a successful model range that has kept sales and profits rising steadily.

Last year, turnover was 2.5 per cent higher at DM27.2bn, (£9.1bn) with DM30bn aimed for in 1991. Net profits went up by 25 per cent to DM696m, helped by lower foreign taxes, and output edged up by 1.6 per cent to 520,000 cars; BMW also increased production of motor-cycles by 23 per cent to 32,000 units.

Von Kuenheim admits that its product range – starting with the latest 7-series at the top of the range in 1986 and continued with the medium-sized 5-series in 1988 and the replacement for the small 3-series this year – has been well-timed. "This year, we will make more cars and have more turnover than in previous years, and I expect profits at least to equal those of last year."

With record order books and delivery times for some cars stretching into next year, BMW is virtually certain of another good result in 1991, barring nasty surprises. But the future could be less assured. "They've come through a good cycle," says John Lawson, an analyst at Nomura Research in London. "But the 1990s may well not be their decade. The key question is whether the costs of production come down."

Although von Kuenheim has headed BMW into the 1990s, it will be his successor who takes it into the next century. Since the Prussian-born von Kuenheim is still a few years off retirement, and shows no signs of strain or ennui – he is the longest serving chief executive in the world motor industry – no-one is yet under discussion to replace him. But a prime candidate must be Wolfgang Reitzle, the 42-year old research and development director whose elegant suits and pencil-thin moustache give him a 1930s matinee idol appearance.

Both men express no doubt as to where they see the main threat coming from – Japan. What worries Reitzle most is not the models so much as the price at which they are being sold, especially in the US. Toyota's Lexus retails for around $40,000 in the US against just over $50,000 for a BMW 7-series. "This is an aggressive price," comments Reitzle. "The Japanese cause us more headaches than our European rivals."

Notes Stephen Reitman, an analyst with stockbrokers UBS Phillips & Drew in the UK: "BMW is as exposed to the Japanese as anyone." Because its latest price rises have been modest, it may, however, feel the brunt less forcefully at first. Mercedes-Benz, for instance, slapped on a 25 per cent price rise for its new S-class.

What bothers Reitzle is that low pricing by rival Japanese companies could harm BMW's strategy of providing more variety within its basic model range. To do this, and thus offer customers a wide range of equipment, interior fittings, and performance, BMW has to be able to charge a premium price. Reitzle explains that BMW now faces a much more conflicting set of consumer demands. People want increased driving and technical performance, as well as greater comfort and safety, more fuel efficiency, and lower exhaust emissions.

At the same time, BMWs have to keep their sporty, somewhat carefree emotional appeal. "Sterile technology is not enough for BMW," says Reitzle. To stay ahead BMW is raising its customer service activities and offering even more choice.

"Even market segments are splitting into fragments. There are niches in niches." BMW is also increasing its own development work on electronics – about 10 per cent of its 5,000 R&D staff now work in this sector – so it can order more custom-made components from suppliers.

This is all very well, as long as the Japanese do not extend their price battle to Europe. So far, they have not done so, with the Lexus selling in European markets at prices similar to the competition. But neither Reitzle nor von Kuenheim make any bones over what they see as the ultimate aim of Japanese car-makers: to overrun the European motor industry.

Through heavy investment in its Bavarian plants and close attention to logistics and supply costs, BMW has kept prices within bounds. The new 3-series costs on average only 5 per cent more than the previous generation. "We could charge more," says Reitzle, "but we would lose out on units. We want to sell more than 300,000 (3-series) cars a year."

BMW also wants to shorten its model development times, something at which the Japanese have been very adept. It has built a DM1.2bn R&D centre, presided over by Reitzle. He stresses, however, that the ability to design and produce new models more quickly does not mean BMW intends to do so every three years or so. It intends to keep to a lifecycle of seven years for its smaller cars and nine for its big ones. Only in this way can it cover its high development costs.

While the times and pressures may seem dramatic and the challenges ever more testing, von Kuenheim appears to take it all in his stride. He recalls that the 1980s started off gloomily, but ended up well. As for BMW's surprise move into aerospace last year with Rolls-Royce of the UK, he says this is going well. Nor will the joint investment of DM1bn in new engines, spread over the rest of the decade, stretch its finances. No other ventures outside the car or related sectors are planned. "We are not fetishists about diversification."

Anyone seeking philosophical insights into management from the intellectual von Kuenheim will be disappointed, however. "There are no recipes," he says. "We don't believe much in 'management by' this or that. The important thing is to have enough dedicated people who do more than their duty and show initiative, imagination, and occasional vision."

One more thing is vital, adds the imperturbable von Kuenheim: "The ability to keep your nerve in critical situations. It's amazing how many people, very important people, here and elsewhere, get nervous at difficult times." Yet with the Japanese revving up to try and overtake BMW and its fellow European makers, there is certainly be plenty to be nervous about.

Becoming a good pan-European

By Andrew Jack

The move towards business adopting a pan-European approach is hotting up.

As integration progresses, companies are beginning to see the need to organise themselves across the continent, instead of remaining nationally autonomous.

Yet while few managers disagree with the need for this transformation, there is little clear advice about how it can be successfully achieved.

On the one hand, there is a growing need for co-ordination. Some areas of customer demand are becoming more uniform; for example, businesses often want identical PABX telephone exchange and network facilities throughout their operations.

Research and development requirements call for the economies of scale present only in single large laboratories. Reduced barriers to trade within Europe are also pushing companies to rationalise their pricing strategies across borders, and develop comprehensive distribution systems which cover the the whole of the continent from a few centres.

On the other hand, local tastes vary as much as ever. Differences continue to exist, for example, in consumer demand – such as the French passion for Arabica coffee – as well as in professional standards.

Language and cultural barriers often dictate the need for locally-based sales forces and distribution channels.

The resolution of these competing tensions lies, not surprisingly, in compromise.

Norman Blackwell, Jean-Pierre Bizet, Peter Child and David Hensley, four McKinsey consultants based in London and Paris, suggest that there is no single blueprint for change*. Instead, based on their analysis of companies trying to turn themselves into European organisations, they lay out a six part classification system of alternative integration mechanisms which reflect varied levels of international co-ordination.

The appropriate level in any case, they argue, will depend on the cultural history of a company, the urgency of reaching better integrated decisions, and the business unit or function in question within a single organisation.

National autonomy is usually found where there are very different markets in each country, or no significant economies of scale to be achieved. Some commodity traders work in this way. So might the sales divisions of pharmaceuticals companies – although their research and development functions are likely to be centrally co-ordinated.

Informal co-operation occurs where company units in different countries operate independently, but share information and offer support. It requires a shared approach to business. Saatchi & Saatchi was one of many professional service firms which attempted this approach, but, the authors argue, a failure to create a common value system resulted in minimal benefits.

Co-ordinating mechanisms involve more formal initiatives, such as task forces, committees and performance indicators across Europe. They may be necessary where the effects of co-operation are significant for the company as a whole, but not for individuals.

Central co-ordination goes one stage further, establishing central staff to formalise co-ordination. It may happen when the workload is heavy, when consensus is difficult to achieve, and where it is important to foster consistency of approach across Europe.

Central direction could occur where capital-intensive decisions have to be taken and implemented internationally.

Finally – and rarely – comes **central control**, where day-to-day matters, as well as strategic policy, comes from European managers.

However, while the road to change may be paved with good intentions, there is still the risk of stubborn conservatism within organisations.

Companies in different European countries often have different languages and national management systems which make comparison difficult.

* *Shaping a pan-European organisation. McKinsey Quarterly. Number 2, 1991.*

Assets that must earn their keep

By Sandra Jones

The institutions are no longer going to treat property as a secure long-term hold, locked away like the family silver.

The funds are estimated to own well over half the country's leased commercial property and will continue to be significant players in this sector. Nevertheless interviews with 22 property fund managers indicate that no property has an automatic right to stay in the investment portfolio of the 1990s.

Several funds have developed new management structures to encourage more active scrutiny by managers. Norwich Union's Mr John Whalley explained that "the fund has completed a major review of work practices and is "restructuring into 10 self-contained property business units".

Property plays a dual role in any portfolio. It is a hybrid, offering the stability of a gilt in a poor market (assuming a strong tenant covenant), and the growth potential of an equity in a good market. Mr Tony Faulkner of Sun Life believes property should be valued as two elements – the "secure income for 25 years comparable with a gilt, and the income growth potential as a quasi-equity".

It also has attractions that neither equities nor gilts can match – a degree of direct control and scope for enhancing value or income through the injection of capital. As Mr John Case of Pearl Assurance notes: "Development value can be released several times during a period of ownership."

In a market in which rental growth is limited, being able to enhance the performance of an asset without relying on an upward trend in the market is highly prized by the institutions. Opportunities to acquire the building next door, to renegotiate leases or to refurbish parts of a building, can arise even when general market conditions are declining.

For the 1990s most institutions will be looking for those gilt-like qualities – a secure long-term income, with income or capital growth regarded as a bonus. That security is as likely to be based upon the position, location and quality of the property as on the length and strength of the lease. Only two of the managers interviewed felt strongly committed to the 25-year lease and even they conceded that they would adapt if the market moved towards shorter terms.

Fifteen-year leases were generally found acceptable by most of the managers surveyed. In fact, these leases may have added advantages because rental and capital values are adversely affected once a building is 15 years old. "Investors are willing to buy buildings with leases half-way through their term – it's a matter of reflecting it in the yield," says John Case of Pearl. "If the landlord wants to redevelop, 25-year leases are very unpopular." There is no discount at review for a lease with 15 years to run, so why assume they are of lower value?

A lease of 10 years or less would not be attractive, although it might be necessary to secure the letting of a new development in the current market.

Multi-tenanted buildings will appeal to the institutional investor; they reduce exposure to a single covenant and can ratchet up rents at review by establishing a continuous stream of open market evidence, and allowing a landlord to refurbish parts of a building.

Prime buildings or locations are still in favour with the institutions, especially if the market is to be slower in the next few years. If leases shorten, prime investments will be shown to advantage simply because a good building is far more likely to attract a replacement tenant.

Managers rarely buy secondary buildings for their own sake or for their high yields; they look to their potential to become prime buildings. "It might mean buying a secondary building in a prime location," said Mr Andrew Winskell of Scottish Widows, "because you can change the building but you cannot change the location."

That the tenant will be more influential in the 1990s, seems to be generally accepted now. "As companies realise that property is an expensive part of their business outgoings costs will be increasingly under the spotlight and tenants will seek the best quality for a given price," says Mr Rodney Pollard of Royal London.

Deference to the needs of the tenant also influence attitudes to environmental issues. In evaluating an investment for purchase, most Funds consider these issues only as far as they affect letting prospects, particularly energy efficiency, legionella and asbestos. They are however, more likely to have a code of practice to cover their development activities.

Freehold ownership is clearly favoured by the funds and several have policies to actively reduce their long leasehold investments. By far the most common objection to leaseholds is the ability of the freeholder to intervene.

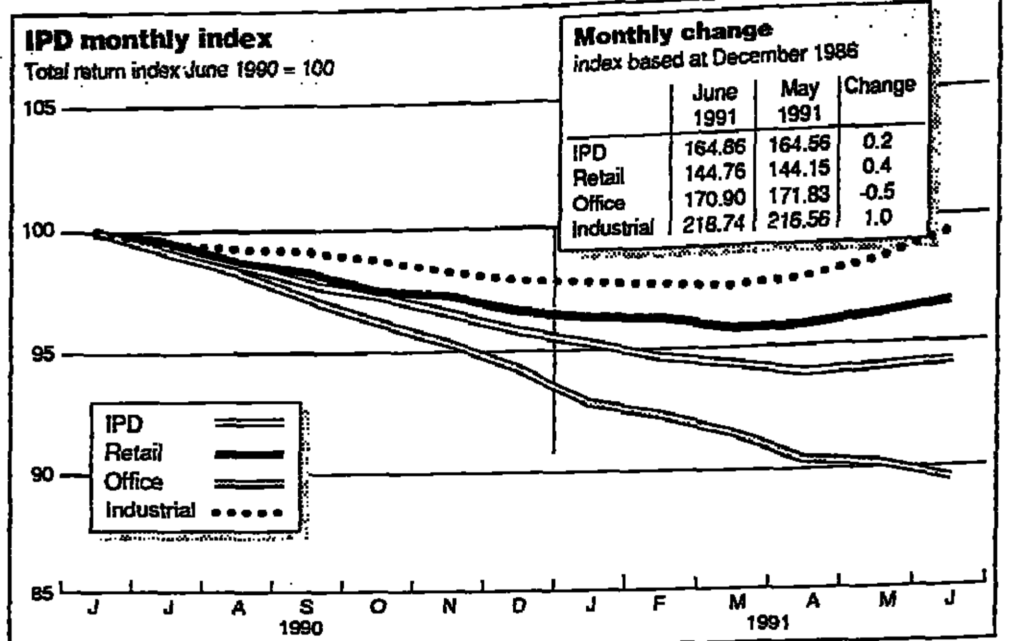
CIN is moving towards a freehold-only policy, according to Mr Juddery, because it dislikes being held to ransom.

Commercial Union Properties would avoid leaseholds wherever possible because "freeholders seek to increase the rental gearing in return for consent to the long-leaseholder to invest capital in the building".

Generally, the institutions put little faith in "vulture" purchases – apparent bargain deals. While none would turn down a genuine bargain, the stock they want is not available at the moment. "Vultures and albatrosses are indistinguishable from a distance," says Mr Juddery.

In sum institutional investors want the gilt-like qualities of a secure income from their property with the potential to enhance rental value. This will be derived from holding properties which meet the needs of a tenant, offer opportunities for change and give them greater control over their investments. They are prepared to keep a constant watch on the performance and condition of their holdings and recognise that a building that is good for occupiers is ultimately good for investors.

The author is a director of Baker Harris Saunders, the international property adviser.



Monthly change
index based at December 1986

	June 1991	May 1991	Change
IPD	164.86	164.56	0.2
Retail	144.76	144.15	0.4
Office	170.90	171.83	-0.5
Industrial	218.74	216.56	1.0

Improving trend maintained

The trend of improvement in monthly returns to the IPD Monthly Index, with last month's total return figure turning positive for the first time in 1991, has continued into June. Capital growth and total returns rose 0.1 points over May to −0.4 per cent and 0.2 per cent respectively.

Not all indicators point to a swift recovery. Rental value growth continues to fall on both a monthly and annual basis, with the year-on-year growth rate finally touching zero. Average yields, stabilising over the previous couple of months, moved out again in June.

Only the office sector failed to show an improvement in capital growth and total return over last month's figures. Total return in this sector now stands at −10.4 per cent compared to −3.5 per cent for retails and −0.5 per cent for industrials.

The retail sector produced its best returns so far this year. Total return of 0.4 per cent contributed towards the second-quarter return of 0.8 per cent – the first positive quarterly result since September 1989.

Office was the only sector to show a deterioration over the month, albeit a small one. Moreover, this sector continues to lag behind the other two, and the gap is widening. The quarterly results were, however, the best since March 1990.

Industrial sector results showed a similar pattern to retails with June returns the best this year, and rental value growth much improved. Returns were, however, much stronger than those of retails.

LEGAL NOTICES

CONTINGENCY PLANNING LIMITED

Registered number: 1816743
Nature of business: Software Development
Trade classification: 36
Date of appointment of joint administrative receivers: 18 July 1991
Name of person appointing the joint administrative receivers: Meghraj Bank Limited
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS
Joint Administrative Receivers
(office holder nos 249 and 814) of Cork Gully
43 Temple Row
Birmingham
B2 5JT

Head count of nobs and gentry

Patricia Morison reviews Eton's 'Leaving Portraits' at Dulwich

Eton College has an interregnum. One Provost, Lord Charteris, has left and the new one, Sir Antony Acland, has yet to arrive, which allows non-Etonians the opportunity to inspect an intriguing group of portraits from the Lodgings. A selection from the college's "Leaving Portraits" was last seen in public at the Tate in 1951. Now the best of the Leaving Portraits, together with books, prints and other Eton records, are at Dulwich Picture *Gallery (081-693-5254) until* October 20. The exhibition is supported by the Baring Foundation.

In the 18th century, the Provost and Fellows who governed Eton kept the Headmaster on a meagre salary so he looked to *the fee-paying gentlemen* pupils, or Oppidans, to bump up his earnings. When they left a gift to the Headmaster was in order, which would duly be entered into his account-book; in return, he would give a volume of Xenephon, Thucydides, or the like. In the late 18th century, Eton had two energetic Heads who chased hard to recruit a better class of Oppidan. They realised that portraits of elegant youths hung around the college's private and public rooms would make the point nicely that Eton was now, *par excellence*, the school for England's nobs and gentry.

And so the hand-over of a portrait, within a few years of leaving, became a part of "leaving handsomely". When the college was reformed in the 1830s the Headmaster was put on a decent salary and the flow of portraits came to an abrupt halt. As the exhibition shows, the tradition has survived informally in the photographs the boys inscribe with fond messages for their favourite masters. In 1980, the formal Leaving Portrait was revived. Portraits of outstanding specimens of Etonian youth are subsidised by the college, while fond parents will sometimes bestow their sons' portraits on the alma mater. A small selection of the former – not the latter – ends the exhibition.

In the main, however, *Leaving Portraits From Eton College* spans eighty years of portraiture by the most fashionable artists of their day. The big names are there; Kneller, Ramsay, Romney, Reynolds, Lawrence, Beechey, and West. There is also one portrait by Pine, who emigrated to America and painted George Washington. Interestingly, there are several portraits by the 19th-century woman portraitist, Margaret Carpenter, who was a *popular choice for Leaving Portraits.* Not surprisingly, there are quite a few dull and routine works among so many formal head-and-shoulders of young men in dark frock coats. As in most private collections, quite a few could do with cleaning. *However, that is not* really the point.

The exhibition is strong on human and, if you are that way inclined, Etonian interest. Some of these young men went on to do great things for their country, such as Charles James Fox, Earl Grey of the Reform Bill ("Lanky" as he was known at school), and William Ewart who was responsible in 1850 for the introduction of free public libraries. Arthur Hallam, painted by Sir Martin Shee, had *no time to achieve* anything before he died of apoplexy in Vienna aged 22. But his memory did inspire Tennyson's *In Memoriam.* Others flopped dismally, prey to drink, madness, and suicide.

If you want to now in more detail how fate dealt out the cards to the gilded youths, the catalogue is a good buy at £5.50. Fate was notably unkind to the Hon. John Damer, who was painted at the age of 18 by Reynolds. When his father the Earl of Dorchester refused to pay his vast debts and ordered him to live in France, Damer shot himself in a pub in Covent Garden. A true gentleman, it would appear, he had first paid off the four ladies who cheered his last night on earth. Horace Walpole's epitaph is irresistible; "He was grave . . . but passed his life as he died, with troops of women and the blind fiddler."

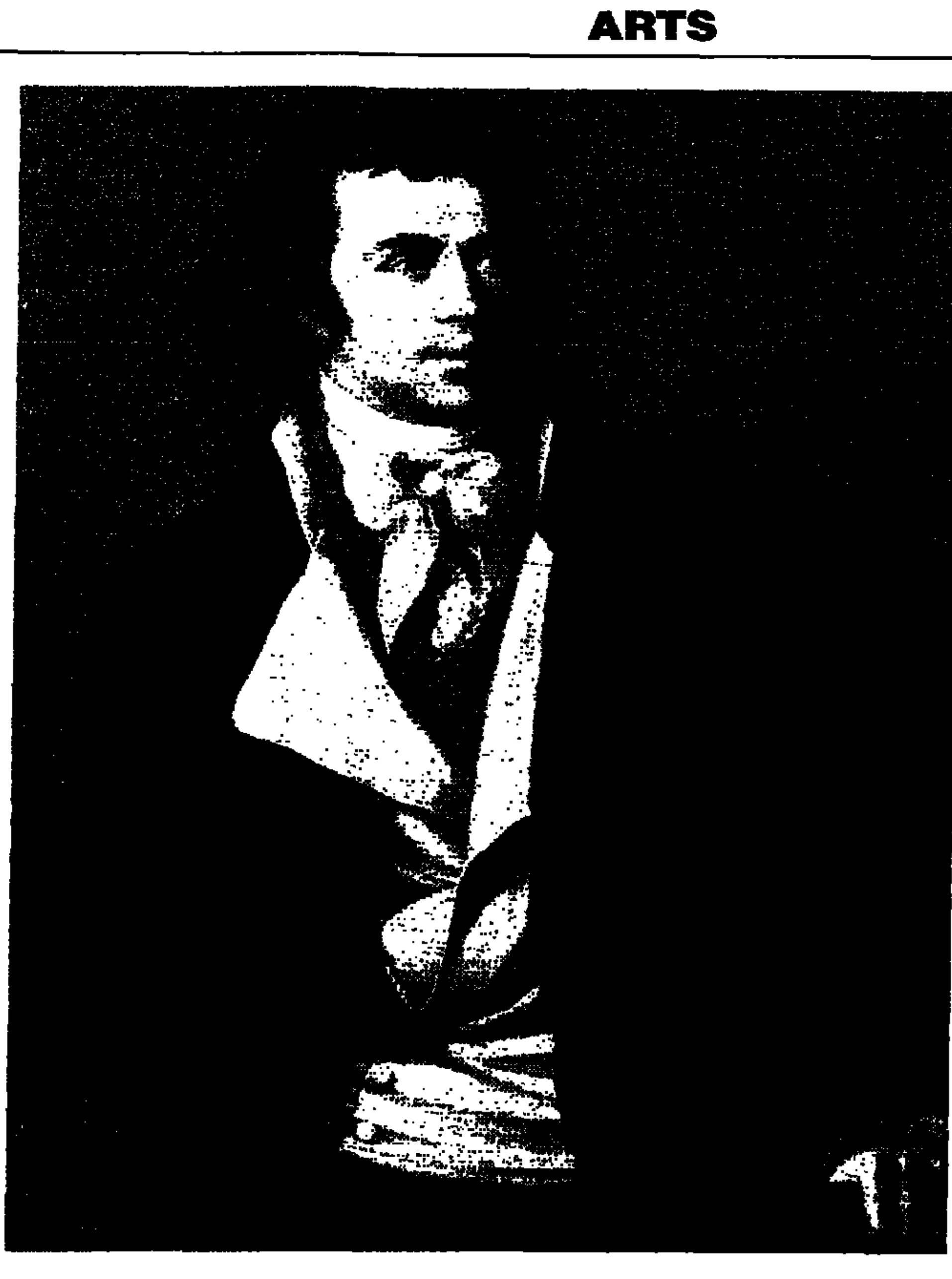
With or without Etonian extras, Dulwich Picture Gallery is, of course, a thorough delight. What is more, the place is so extraordinarily *lively*, always buzzing with schoolchildren or the better sort of lecture-tour. Now the Dulwich Gallery's success has been recognised by winning the visual arts section in the 1991 Prudential Awards for the Arts.

★

Among future nominees for the Pru's generosity, I would be tempted to put the Oxford Gallery, 23 High Street, Oxford; (tel 0865-242731). As anyone interested in the crafts knows, this commercial gallery has an excellent record of picking up interesting new makers as well as showing the famous names in pottery, jewellery, glass, etc. The current exhibition, which ends on July 31, is a thoroughly glamorous affair.

Wendy Ramshaw, the jeweller, has taken Picasso portraits of women and imagined what kind of jewellery those ladies might commission from her. It sounds a trifle arch, but the results are pieces which are witty and beautiful. Paper works by Carol Farrow hang on the wall, in rich shades of red and blue, like the bark of exotic trees.

Best of all, there is a large group of Judy Trim's fabulous lustre bowls. I have written about them not long ago, so all I will say here is that the recent pieces, in blue and white, are as glorious as the burnished many-coloured extravaganzas.



Fabre's portrait of Henry Richard (Vassall) Fox, later 3rd Lord Holland and leading socialite of 18th century London

The Manchurian Candidate

LYRIC THEATRE, HAMMERSMITH

Richard Condon wrote *The Manchurian Candidate* in 1959, and shot paranoia into the veins of the information age: "When you don't know the whole truth, the worst you can *imagine is bound to come* close." The 1962 film thriller was one of the smartest political satires to escape from Hollywood. This fine first stage version at The Lyric, Hammersmith, has been recast in 1996 yet retains the basic framework of Condon's book.

John Lahr's version is set against the backdrop of an American peace-keeping force in the Middle East. A war hero returns home after brainwashing has programmed him to kill a liberal politician; his own monstrous mother, Eleanor Iselin, controls him. Major Marco, his former commanding officer – also brainwashed – tries to find out what really happened. Meanwhile the Iselins launch a Republican bid for power on the xenophobe ticket.

First, of course, Condon's *was a cold-war fable, so new* opposition is required for the 1990s: the Japanese and their putative economic rape of America's virgin land. Second, patriotism has been used to underpin assaults on American liberalism ever since McCarthy and Cohn, the most notable recent occasion being General William Westmorland's *attack* on CBS in 1985; then, CBS hired the best news manager in New York, John Scanlon, who knows, as this play knows, that information does not equate to knowledge, nor political rhetoric to action.

So now that events have kicked *The Manchurian Candidate* into the future, its political satire looks creaky rather than sinister. At the heart of the action is Eleanor Iselin (brilliantly played by Siân Phillips), the Lady Macbeth of Capitol Hill, who drives her *feckless husband towards the* Oval Office with apple-pie platitudes and steel-magnolia smarts: "don't piss on my shoes and tell me it's raining."

Her husband (deftly done by Manning Redwood) is a southern horror struggling to *make his "half-truths accurate,"* asking questions rather than thinking. Her brainwashed son, Raymond, solidly played by Gerard Murphy, is by turns confused and malleable, and the only possible offspring of perversity, whose synaptic conditioning turns him into one troubled citizen *of Dystopia.*

The production benefits from fine performances from Clive Carter as Marco, Connie Booth as his girlfriend, and William Roberts as a clutch of mandarins and politicos from the Hill. Anthony Miller as the cynical New York editor delivers the current satire: "If it smiles, loves Jesus, and balances the budget, Americans will vote it into office."

Elsewhere, the American accents stay in place, and the action keeps faith with Condon's narrative. This 1990s version, however, tends towards a composite of political paranoia, and some of the clichés have already tired. The pace could be sharper. The gantry set and design, all le Courbusier, and the costumes – Armani and Farhi (but *very* late-1980s), *work well if a little studiedly.*

Andrew St George

The Boys from Syracuse

OPEN AIR THEATRE, REGENT'S PARK

The third show of the season has become something of a speciality turn at the thriving Open Air Theatre in Regent's Park: a chance for the company to kick up their heels, raise two fingers to the English weather, and diversify into a spot of song and dance. Last year's valuable revival of *The Fantasticks* is followed this year by Rodgers and Hart's witty 1938 variation on the theme of *The Comedy of Errors* – a gift for a theatre which has made its name with Shakespeare, but also a beguiling bit of froth in its own right.

The Bard meets Broadway under the direction of one of our most distinguished Shakespearean actresses, Judi Dench, and the result is a deliciously actor-centred confection, as pleasing to the eye as the ear. Kenn Oldfield's choreography is exotically tacky, its chorus-line of courtesans glittering with vulgarity.

James Merifield's design sets a tone of dashing irreverence, with a costume box that plunders every tradition known to man and a few more besides. Commedia-style head-pieces and pantaloons mingle with Elizabethan skirts and ruffs, Tarzanlike leopard pelts and a line of colossal Greek masks. A bandstand, swathed with curtains, becomes a cottage of teacosy kitsch in which Louise Gold's ardent Adriana bills and coos with the wrong Antipholus, poking her lovely head through little leaded windows to shoo off the real husband who is thumping at the door.

The goings-on are quite as incomprehensible here as they are in the Shakespearean original – and rendered more so on the first night by rain-forced stops and starts. The Syracusean twins get the lion's share of the action. Peter Woodward, as the interloping Antipholus, deals as nobly with a homesick reverie of daffy go-go girls in leopard-skin beehives as he does with the showstopping duet "This can't be love," in which he is finely partnered by Gillian Bevan's Luciana. The Dromios of Richard O'Callaghan and Gavin Muir are skilfully and gleefully alike.

One of the joys of the show is the mischievous way that it taints Shakespeare with the worldly wisdom of Broadway: Luciana is a glorified husband-snatcher infatuated with her sister's spouse. The purity of Adriana's "Falling in love with love", *ostensibly a song about* connubial bliss, is sullied by the knowledge that she is canoodling on the wrong man, while her husband (Bill Homewood) is out gallivanting with whores. We're talking serious adultery, yet the only person *who seems to realise it* is the libidinous Luce – a gloriously comic Jenny Galloway, who gulps down the realisation that she has bedded the wrong Dromio as if she has accidentally swallowed a gob-stopper. It is all very silly, but it is also great fun – and the cast seem to be enjoying it too.

Claire Armitstead

Mahler's Second

ST PAUL'S CATHEDRAL

Not so much a "Resurrection" this time, at the close of the City of London Festival, as a translation into something rich and strange. Mahler's Second Symphony has religious intentions on a grand scale, certainly, but it is not one of those symphonic works – there are only a handful of them – actually imagined for a cathedral acoustic. For those who knew the symphony well, Wednesday's performance had resplendent moments, and cast other passages into weird, fascinating lights; for newcomers the music must have been desperately hard to follow. Perhaps they just sat back and let it roll over them.

The Philharmonia and its fine Chorus were admirably prepared, and the conductor Eliahu Inbal is known as a sound, practical musician (if only occasionally an exciting one). But the acoustic facts were unbrookable: from the strings, anything soft and swift slipped straight up into the dome, never to be heard of again. Yet the merest breath on a horn or trombone, let alone an ensemble of them, penetrated everywhere, occluding counter-subjects and even main tunes on other instruments. The percussion had a sharp, eerie immediacy – though the *Rute* (a birch-twig switch) seemed to come from somewhere back in the nave.

For all the players' best efforts, the audible balance was sometimes so skewed that vital threads disappeared without trace. I was relatively well placed, under the dome; what anyone much further back can have made of the fleet Scherzo, for example, defeats imagining. On the other hand, the "offstage" brass irruptions made a thrilling effect, and the chorus always carried their full weight. The jagged opening recitative for low strings had an astonishing depth of menace, thanks to a lucky echo of just the right lag and timbre – I shall miss that in the concert-hall now.

By normal standards, Inbal held some passages distinctly under tempo (though never limp), but what might seem tame in a normal concert was probably necessary here just to get the notes across. With the "Urlicht" movement the performance acquired a benedictory grace, in the mezzo form of Alfreda Hodgson: for this vein of Mahlerian devotion, she is a peerless singer. The soprano later was the redoubtable Jane Eaglen, who didn't emerge imperceptibly from the chorus as prescribed (in principle a magical touch, not really feasible for Miss Eaglen) and yet achieved the right sort of effect – suspended, selflessly heartfelt. The Finale was unmistakably a satisfying conclusion to *something* or other.

David Murray

Handel's Amadigi

NEW LONDON, CONNECTICUT

The highpoint of the Connecticut Early Music Festival – which is directed by the harpsichordist Igor Kipnis and the flutist John Solum – was a performance of Handel's *Amadigi* in the Harkness Chapel of Connecticut College (in New London). New Yorkers grow accustomed to parched acoustics: the vastness of Fisher Hall, Tully Hall, the Met, the State Theater, places in which one hears but doesn't (as Berlioz put it) "vibrate"; ruined Carnegie, once so vibrant; and the dryness of the more intimate Merkin Hall. In the Harkness Chapel, four young voices – pure, unforced, unstrained – rang out to fill the sunlit space, and the space responded to lend warmth and radiance to their singing.

It was a daring performance. The orchestra had but single strings, but since the six string players, led by Jörg-Michael Schwarz, were adepts, Handel's textures were amply and energetically filled. *Amadigi* is an opera without continuo-accompanied airs; the oboes (John Abberger and Susan Davol) and the bassoon (Thomas Sefkovic) were kept hard at work and never failed. The recorder played prettily. The trumpet was less sure.

The singers were Theodora Hanslowe (Amadigi) and Natalie Arduino (Dardanus), two excellently firm, fluent mezzos; and Debra Vanderlinde (Oriana) and Angela Norton (Melissa), two firm, fluent, well-contrasted sopranos, one pure, ringing, and bright and the other rich, ringing, and bright of tone. Miss Hanslowe is known in Germany. Miss Arduino was the Paris of the Gluck *Paride ed Elena* recently praised in these pages, and as luxury casting the Helen of that performance, Laura Danehower, sang the small role – scarcely more than a dea-ex-machina intervention – of Orgando.

Will Crutchfield, presiding at one of the two harpsichords, had prepared and directed the performance, and so it was daring, exciting, immediate in all ways. He has taught a new generation of American singers to improvise boldly but stylishly. (Winton Dean's *Music and Letters* article about a decorated *Amadigi* air appeared in time to offer inspiration for this production.) Insofar as there was no scenery it was a concert performance, but a facsimile of the 1715 Italian/English libretto was put into the audience's hands, and the singers – aptly clad and without book – entered, strode the platform, and declaimed the text confidently with full knowledge of what they were saying. Handel's drama came to life.

Andrew Porter

Alastair Muir

Peter Woodward and Gillian Bevan

INTERNATIONAL

ARTS PREVIEW

& EXHIBITIONS

EXHIBITIONS

AMSTERDAM

Rijksmuseum Indian Miniatures from Paris: 100 pieces from the Fondation Custodia collection, illustrating Mogul histories and Hindu epics from 16th to 19th centuries. Also Court Gems from India, including a relief in *alabaster showing a portrait of* the Great Mogul Shah Jahan. Ends Sep 22. Closed Mon

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and culture on the life and work of Van Gogh. Ends Sep 22. Daily

BARCELONA

Fundacio Joan Miro Wols and Cucchi: exhibition of paintings, photographs and illustrated books by the German experimental artist Otto Alfred Wolfgang Schulze, and installations by the "transavanguard" Italian artist Enzo Cucchi (b1949). Ends Sep 15. Closed Mon

BERLIN

Schloss Charlottenburg Imperial Art from the Dutch Exile of Kaiser Willem II: paintings, sculpture and artefacts, including silver and furniture from the time of Frederick the Great. Ends Sep 29. Closed Mon

CHICAGO

Art Institute Degenerate Art: The Fate of the Avant-Garde in Nazi Germany, featuring the work of artists held up for public mockery in 1937, who later won recognition as masters of their realm. This *is a widely-acclaimed exhibition* originally mounted by the Los Angeles County Museum. Ends Sep 8. Also The Gold of Africa: Jewelry and Ornaments from Ghana, Ivory Coast, Mali and Senegal. Ends Aug 25. Also 18th and 19th century Staffordshire *creamware by Wedgwood and* others. Ends Oct 27. Also English and French Printed Textiles: 100 examples mainly from 18th and 19th centuries. Ends Sep 3. Daily

Zwinger Exhibition of rare Meissen porcelain dating from early 18th century, plus a selection of 18th *and 19th century* coffee-house drawings from the Eduscho collection. Ends Oct 6. Closed Mon

DUSSELDORF

Kunstmuseum Walter Ophey (1882-1930): exhibition of 180 paintings and drawings by a *long-neglected* German artist who was associated with the early 20th century avant-garde. Ends Sep 1. Closed Mon

EDINBURGH

Royal Scottish Academy Virtue and Vision: *Sculpture and Scotland* 1540-1990, tracing developments since the early days of court patronage to the strong native school of the present. Ends Sep 15. Daily

FLORENCE

Casa Buonarroti Artemisia Gentileschi (1597-1651/3), follower of Caravaggio and possibly the most famous woman artist of all time. The exhibition includes 30 paintings from Italian and foreign museums, together with several masterpieces by her father Orazio. Ends Nov 4. Closed Tues

Museo Nazionale del Bargello The Bronzes of Calliope's Writing Desk: the collection of bronze and marble statuettes built up by *Cosimo I de' Medici between 1550* and 1574, and stored in the Scrittoio di Calliope, a small room used to guard the Grand Duke's most precious belongings. The collection has survived almost intact, and is one of the most important and best-documented *of its kind.* Ends Aug 25. Closed Mon

FRANKFURT

Schirn Kunsthalle From Expressionism to the Resistance: Art in Germany 1909-1936, the Fishman collection. One of the most significant collections of German art from between the wars, with 190 paintings, drawings and sculptures by artists such as Beckmann, Kirchner, Dix and Meidner. Ends Aug 18. Also Marc Chagall: the Russian years (1906-22), with 250 oils, watercolours, drawings and sketches. Ends Sep 8. Daily

Städel Bruce Nauman: *sculptures* and drawings 1985-90. Ends Aug 18. Daily

LONDON

Hayward Gallery Richard Long (b1945): sculptures, mud works and photographs inspired by walks *in* landscapes as varied as Dartmoor, the *Himalayas and the* Sahara. Ends Aug 11. Daily

National Gallery The new Sainsbury Wing, designed by Robert Venturi, is now open, housing the National Gallery's fine collection of early Renaissance paintings. Daily

Royal Academy The Fauve Landscape: Matisse, Derain, Braque and Their Circle 1904-1908, with 75 paintings showing how the Fauves used vibrant colour to express their subjective and emotional response to landscape. Ends Sep 1. Daily

Tate Gallery *John Constable:* largest-ever survey of the English artist's work. Ends Sep 15. Daily

Victoria and Albert Museum Wish You Were Here: The Printed Seaside, a collection of traditional and contemporary seaside graphics. Ends Sep 1. Daily

MADRID

Museo Nacional Centro de Arte Reina Sofia Joaquin Torres-Garcia: 120 paintings and sculptures by the Uruguayan who helped pioneer modernism in Latin America before his death in 1949. Ends Aug 12. Closed Tues

MILAN

Palazzo Reale Filippo de Pisis (1896-1956): an exhibition, drawn primarily from Milanese private collections, of paintings by the Italian artist who based his style on the fluent, quasi-Impressionist brushwork of Manet and Guardi. Ends Oct 13. Daily

MUNICH

Lenbachhaus Franz Gertsch: Monumental Woodcuts 1986-91. Ends Aug 25. Closed Mon

NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism, including *works by Gauguin, Cezanne, Van* Gogh, Renoir and Degas. Ends Oct 13. Also The Art of Paul Manship: retrospective of one of America's foremost sculptors. Ends Sep 1. Also Sculpture of Indonesia. Ends Aug 18. Closed Mon

Museum of Modern Art Lee Friedlander: Nudes. A selection of 50 photographs of female nudes ranging from intimate portraits to abstract figure studies. Ends Oct 8. Also Ad Reinhardt (1913-67): the first full-scale retrospective of the American artist, known for *his austere abstract style. Ends* Sep 2. Closed Wed

Whitney Museum of American Art Hunt Diederich: figurative sculpture and drawings by a long-neglected early 20th century artist. Ends Sep 29. Also John Baldessari: retrospective of 22 *years of work by a pioneer of* conceptual art. Ends Oct 20. Also American Life: the 20th century American experience as seen in its art. Ends Nov 10. Closed Mon

NIMES

Musée d'Art Contemporain Miquel Barcelo: 50 paintings and 26 drawings by one of Spain's leading younger-generation artists. Ends Sep 30. Daily

PARIS

Centre Georges Pompidou Andre Breton (1896-1966): the aesthetic world of one of the leading theorists of Surrealism. Ends Aug 26. Closed Tues

Grand Palais Georges Seurat (1859-91): 180 paintings, studies and drawings. Ends Aug 12. Closed Tues

Jeu de Paume Jean Dubuffet: The Last Years. The renovated former temple of Impressionism inaugurates its new role as a *national gallery of contemporary* art with an exhibition devoted to the founder of art brut. Ends Sep 22. Daily

Louvre des Antiquaires Seating power: the historical development of seats as furniture, including a maharajah's throne, guilded Louis XIV *armchairs* and art nouveau chairs. Ends Aug 16. Closed Mon

Trianon de Bagatelle Impressionism in Romania: the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 8. Daily

Musée Marmottan *Important* collection of paintings by Monet and his friends, including 'Impression-Soleil levant', from which the Impressionist movement took its name. Closed Mon

Musée Picasso, Hotel Sale The world's largest collection of Picasso's work, completed by Picasso's own collection of paintings by friends such as Braque and Matisse, and artists he admired, including Renoir and Cezanne. Closed Tues

Musée Rodin, Hotel Biron This delightful 18th century town house contains the life work of the sculptor Auguste Rodin. Closed Tues

Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musee d'Orsay and Versailles

PRAGUE

Convent of St Agnes of Bohemia Centenary reconstruction of the jubilee exhibition of 1891. Ends Oct 6. Closed Mon

Convent of St George Ancient Chinese art from the National Gallery collection. Ends Sep 15. Closed Mon

Kinsky Palace Goya: *exhibition* of sketches and drawings. Ends Sep 1. Closed Mon

ROME

Accademia Valentino Valentino: Thirty Years of Magic. 300 outfits made between 1960 and 1990 with their original accessories. The *intelligent eye of the designer* shows in the wealth of sources – William Morris wallpaper, Meissen pottery, Bronzino portraits and Tiffany lamps. Ends Nov 5. Daily

ROTTERDAM

Museum Boymans-van Beuningen *Dated pottery: household* earthenware and stoneware from around 1600. Ends Sep 15. Also Jan van der Vaart: 35 years of ceramics, many of which are characterised by an abstract-geometric idiom. Ends Aug 25. Also De Branding 1917-26: some 70 works by the group of early 20th century Dutch artists who tried to draw public attention to modern art. Ends Sep 22. Closed Mon

TOKYO

Sezon Museum of Art Masterpieces of the Guggenheim Collection: more than 100 paintings and sculptures representing the main movements in 20th century art, including work by Picasso, Matisse, Klee, Kandinsky, Miro and Modigliani. Ends Sep 1

VIENNA

Albertina Austrian Watercolours of the 19th Century: 70 works documenting the achievements of Austrian painters before the advent of Jugendstil and the Sezessionen. Ends Sep 1. Closed Sun

Kunsthistorisches Museum Gold from the Kremlin: 100 works from *the era of the Tsars, many never* previously seen outside Moscow, including the gold crown of Peter the Great. Ends Sep 1. Closed Mon

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday July 26 1991

Time for Mr Kohl to act

THE ECONOMIC crisis in east Germany is deepening. Yet Mr Helmut Kohl shows little sign of comprehending the size of the task his government still faces in integrating the economies of east and west. Far from easing east Germany's passage to a market economy, his government's ad hoc and panicked response to the east German collapse has hindered integration.

This failure is confirmed by the OECD's latest report on the Germany economy. It does not rehearse the sterile debate over the terms of monetary unification. For the root cause of the collapse in east German output has been the rapid convergence of east German wages towards west German levels since then, despite the gap in productivity between the two.

The rise in east German unit labour costs has left fewer than 10 per cent of east German companies able to cover their short-run costs at international prices. "The capital stock in east Germany is incapable – technically or economically," the OECD says, "of supporting the labour force at current wage levels."

Main culprits

Not surprisingly, employment in the east has collapsed; it is forecast to fall by 16 per cent this year. The main culprits are the west German unions. Fearing competition from the flood of cheap east German labour spilling over the border, they pushed hard for wage convergence. West German politicians stood back and watched the disaster unfold. Yet, surveys show that it is rising unemployment not wage differentials, that continue to drive people west.

The rapid rise in east German costs explains why the speed of privatisation has been so slow. For the Treuhand cannot hope to find buyers for companies which cannot cover their operating costs. The mistaken decision to restitute confiscated property in the east and inadequate east German infrastructure have also hindered privatisation.

Yet declaring 90 per cent of east German industry to be bankrupt would be economically wasteful and politically impossible. Already the OECD estimates that east German unemployment will reach 25 per cent by the end of 1991.

Consequently, the Treuhand, originally set-up to reduce the entrepreneurial role of the east German state, has been keeping east Germany industry alive through a series of ad hoc subsidies, paid disproportionately to the most inefficient companies. Subsidies for short-time working and liquidity loans have perpetuated the misallocation of resources in the east as they offer no incentive for management to restructure their organisations or for workers to move to more productive activities.

Rational alternative

The rational alternative remains to pay a uniform employment subsidy to all east German companies, set at a fixed proportion of the difference between east and west Germany wages to discourage further wage convergence. Direct employment subsidies would speed rather than impede the transformation by encouraging privatisation. The OECD endorses the proposal so long as the subsidies can credibly be made temporary.

Whether or not the government sees sense, the large-scale transfer of resources from west to east will continue for some years. Already the German budget deficit has risen to 5.5 per cent of gross national product this year, despite the recent package of tax increases. Such a deficit cannot be maintained in the medium term.

A sharp slowdown in west German economic growth would rapidly expose Germany's fiscal vulnerability. The OECD projects healthy west German economic growth of 2.2 per cent in 1992. Yet with west Germany's inflation rate above that of France already, and perhaps of inflation-prone Britain by the end of the year, the Bundesbank may raise German interest rates further.

Germany needs a substantial redrawing of its spending priorities. It cannot continue to subsidise west German industry while east Germany is in its current state; and it cannot continue the inevitable subsidy of east German industry in a manner which impedes economic integration. Mr Kohl must act now. Economically, and perhaps politically, he has little time left.

Target training

FOLLOWING the party politicking of Wednesday's green paper on trade unions, it was pleasant yesterday to see Mr Michael Howard, the employment secretary, sharing a platform with representatives of business, labour and education to launch a series of targets for training. Mr Howard's decision, in 1990, to abandon his predecessor's commitment to such targets blasted a big hole in a training policy built around the employer-led Training and Enterprise Councils.

The Tecs are a vital attempt to achieve co-operation between employers, union, local government and educators towards a competitive training system. Their strengths are versatility, local commitment and entrepreneurial potential; their weaknesses insufficient national coherence and accountability.

Targets are needed so that those responsible for running the Tecs and designing vocational qualifications, know what they are aiming towards. Yesterday's targets demand that by 1997 at least 80 per cent of young people achieve NVQ level two or its equivalent of four GCSEs at Grade A to C, compared with the soberingly low 45 per cent who do so now.

There is something in the charge that in supporting these voluntary targets rather than laying down its own requirements, the government is diluting its own commitment in the hope that it might thereby dodge the bill. Given the voluntary, co-operative basis of the Tecs, however, this may be the most practical approach. There could also be a handsome premium from getting all those necessarily involved in training signed up to an agreed set of aspirations. The extra investment inevitably required will have to come from both public and private sectors.

The plans do, however, contain a defect all too characteristic of training in the era of the Tecs: they lack openness and accountability. It is unclear how the National Training Task Force, an appointed body of uncertain clout, is to supervise the initiative and even less evident how the public will be kept informed of progress towards the targets. Some kind of annual reporting mechanism, possibly to parliament, is essential. The government is rightly keen to have clear tests of educational attainment for children; it must test its own training policies by equally firm yardsticks.

Free the Six

THE US government's decision to block the export to Iran of half a dozen British Aerospace 146 short-haul passenger jets is a blow to a British company's commercial interests. As the Iranians yesterday made their own response, by suggesting that they might prefer French aircraft anyway, the question is: can the American position be justified?

Since the aircraft would contain US-made parts, there is no doubt that they fall within US sanctions legislation; Washington is entitled to use its arms exports rules to further its foreign policy.

However, the case of the BAe Six does not fit neatly into this framework. In the first place, the BAe airliners are not a dual use, military-civilian product and the administration has already approved the export of similar aircraft made by Fokker.

But the crucial point is the extent to which it is reasonable for the US to insist upon the detailed interpretation of its own policies when the main commercial interest involved is that of a close ally.

The lessons of the Gulf war, the reform of CoCom restrictions on trade with eastern Europe and the recent G7 proposal for a world arms trade register are the same: co-operation between states is essential to prevent military technology getting into the wrong hands. When dictators can shop around, unilateralism does not work; by acting unilaterally without good justification, the US damages this co-operative approach.

When Mr Bush meets Mr Major for their summer break in Maine, the president should tell the prime minister the decision has been reversed. By freeing the BAe Six Mr Bush would signal his commitment to practice as well as rhetoric in co-operatively controlling the arms trade.

Choice and quality are the catchwords as monolithic public services with rigid pay and conditions wither away, says **Andrew Adonis**

The leviathan limbers up

Whisper it not to Mrs Thatcher, but Britain's state leviathan survived the 1980s unscathed. The public sector – health, education, police, armed forces, central and local government – entered the 1980s 5.4m-strong, and finished it with 5.2m, about a fifth of the total labour force. In time, compulsory competitive tendering of local government services may make inroads, but to date only 15 per cent of town hall contracts (in value) have gone to outside contractors. Beyond that, prospective reductions – the cuts in the armed forces – owe more to Mr Mikhail Gorbachev than to the former prime minister.

Size, however, is virtually the only thing static in today's public sector. For the rest, change is more rapid and far-reaching than at any time since the 1940s. The old-style public services, each a national monolith with a single organisational structure, ethos and rigid set of pay and conditions, are withering fast.

Choice, standards and quality are the catchwords; flexibility, performance and local management the tools; the private sector the model. The Citizen's Charter unveiled by the government earlier this week reverberates to them all. Mr John Major, the prime minister, declared that more responsive and higher quality public services to have been his prime goal "ever since I was a local councillor in Lambeth over 20 years ago". Whether Mr Major or Mr Neil Kinnock is prime minister, charters galore look set to reign over the 1990s; by the end of it there may not even be a "public sector" worth the name.

Incentive allowances for teachers (from Dec 1991)

Rate	Annual amount £	Proportion of teachers %
A	1,206	17.5
B	1,950	12
C	3,900	7
D	5,205	6
E	7,155	2.5

Source: DES (England and Wales)

Even so, the revolution did not suddenly start last Monday. Changes to public sector structure, management and working practices have been in train since the early 1980s. Discretion and responsibility have been decentralised at all levels, from granting individual schools and hospitals charge of their own budgets and recruitment, to hiving off a third – soon to be a half – of Whitehall staff into quasi-autonomous agencies (under the so-called Next Steps programme). Hospital trusts, grant-maintained schools and independent agencies – the managers of which are given a Treasury grant then left almost entirely to their own devices – are but the logical progression.

External forces have been at least as significant to the process as internal pressure from the government. Competing for scarce labour in the late-1980s forced the public sector to take flexible working practices seriously, since they were already widely on offer from private companies. Widespread public dissatisfaction with service quality was as evident to local as national government. Performance-related pay for managers gradually came to be seen as essential to match private sector practice – and to attract staff.

Whatever the cause, change has been particularly marked in four areas: determination of pay levels, performance incentives, flexible working practices and local management. To what effect?

● **Pay determination.** It is difficult to speak of a single public sector in this context. Relative pay rates have become more divergent than ever in the 1980s (see graph).

There is not even any uniform pay negotiating machinery. About 1.4m employees (teachers, doctors, dentists, nurses, paramedics, senior civil servants) have independent pay review bodies; police pay is index-linked; most of the rest are subject to collective bargaining. Even within sectors, variations are vast: since 1989 the pay of academic staff, subject to collective bargaining, has fallen 37 per cent behind that of teachers, who have had a review body since 1987.

Local autonomy has been steadily increasing. Senior NHS and local government staff are now mostly on individually-negotiated contracts. Even within national agreements, greater discretion is allowed. All local education authorities and some schools, for example, have discretion to pay teachers allowances of up to £8,000 (from December) on top of national scales as recruitment sweeteners.

Radical breaks with national negotiations are in train. In the last year 30 local authorities, mainly in the south-east, have broken away from national negotiations: one, Kent county council, has this year made its professional, administrative and technical staff an offer amounting to 9.1 per cent – 2.7 per cent more than the national offer.

The Civil Service may be on the verge of similar fragmentation. Several chief executives of the 50 Next Steps agencies would like to wrest greater control of pay from the Treasury. On Wednesday, Mr Norman Lamont, the chancellor, gave them the green light to do so by urging more local flexibility in Civil Service pay.

"The Treasury can trust the agencies, and they need the freedom: it should give them their pot of gold and tell them to get on with it", says Sir Peter Kemp, project manager of the Next Steps programme. "It's heresy to say it," he adds, "but perhaps Michael Bichard [chief executive of the 68,000-strong Social Security Benefits Agency], should be paying benefits staff in the north less than in Brixton."

● **Performance incentives.** The Citizen's Charter calls for "a regular and direct link" to be instituted between remuneration and service standards.

Across most of the public sector only senior managers are on performance pay, and for most it constitutes a small fraction of total salary. Performance pay has, however, begun to filter downwards. Almost half of all teachers in England and Wales are eligible for "incentive allowances" (see table), and additional "incremental advancements" of up to £1,000 are also available. For a teacher around the mid-point on the national scale, an incentive allowance "c" – payable to 7 per cent of teachers – is worth almost a third of basic salary. Kent county council has this year extended performance pay from its senior staff (1,500) to all professional and administrative employees (11,000). "We want to create an all-merit system of pay, though it will take some time," says Mr Ward Griffiths, the council's personnel director.

Almost all public sector unions are against performance pay in principle. In practice pragmatism is the order of the day. And as teachers recently found over appraisal, ministers will proceed regardless.

"Changing pay is a statement about changing culture," says Mr Marc Thompson of the Institute of Manpower Studies, a management think-tank. A recent IMS survey of 2,000 private and public sector companies found 75 per cent paying some form of performance pay – and not just at the top. One-third of all middle managers were found to be on profit-sharing schemes, and 45 per cent to have their pay related to appraisal. But as Mr Thompson adds: "Performance pay is far more successful after an organisation has looked at policies like training, redesigning work and the participatory structure for employees. In the UK it is too often seen as a panacea, and the public sector needs to be wary".

The IMS has also found performance-related pay schemes tend to push up total pay bills in their early years. Mr Lamont's statement endorsed devolved structures where "they are expected to produce value-for-money benefits greater than through centrally-controlled negotiation" – in Treasury-speak, a clear signal that further cash will not be forthcoming.

● **Flexible working practices.** Again, there is no single picture. Two-thirds of local government employees are women, and so perhaps unsurprisingly councils have seen the most marked shift towards more flexible working patterns. Between 1979 and 1988 there was a marked rise (42 per cent) in the percentage of non-manual part-time workers in local authorities – two of every five new workers were part-timers. Radical plans for reorganising work patterns are under consideration in the NHS. Several hospital trusts – or would-be trusts – are drawing up plans for nursing staff to work a week of three 12-hour shifts.

In the Civil Service, significant rethinking followed the 1988 Mueller report into the organisation of Civil Service working time. Dame Anne Mueller found Whitehall to be far behind the private sector in its attitude to part-timers, job sharing, career breaks, and other flexible practices. She recommended a series of reforms to personnel policy, subsequently codified by the Treasury.

About 7 per cent of civil servants now work part-time, and personnel departments across Whitehall brandish documents setting out a broad range of flexible practices.

But as the recession creates slack in the labour market, not everyone is convinced that attitudes have fundamentally altered. "Change was only skin deep," Mr John Pitt-Brooke, head of civilian management at the Ministry of Defence, told a recent Industrial Society conference. "Permanent secretaries don't like being at the bottom of league tables, but ingrained attitudes to regular nine-to-five working die hard."

However, Sir Peter Kemp's Next Steps agencies may prove less hidebound that the Ministry of Defence. At the same conference Mr Michael Bichard, chief executive of the benefits agency, unveiled plans for a "staff charter" to be launched later this year. It will lay down 10 "fundamental principles" governing the working rights of employees, among them the right to a range of flexible practices. And the charter will be accompanied by an "action list", setting specific targets, with regular updates to explain action taken to meet them. Whitehall insiders are sceptical: but then they have been at every stage of the "next steps" process.

● **Management practice.** Objectives, targets and local cost-centres are now well-nigh universal across the public sector. The Next Steps agencies have even brought them to Whitehall with a vengeance, as each agency operates on a "framework agreement" negotiated every three years with its parent department.

Compulsory competitive tendering has played a crucial role in extending similar practices to local government. Now that local authorities are "clients" of their own direct labour forces, cost-centres have been established and targets set as never before. These, in turn, have underpinned the local "citizen's charters" now to be found in authorities as politically diverse as York, Islington and Stratford-upon-Avon.

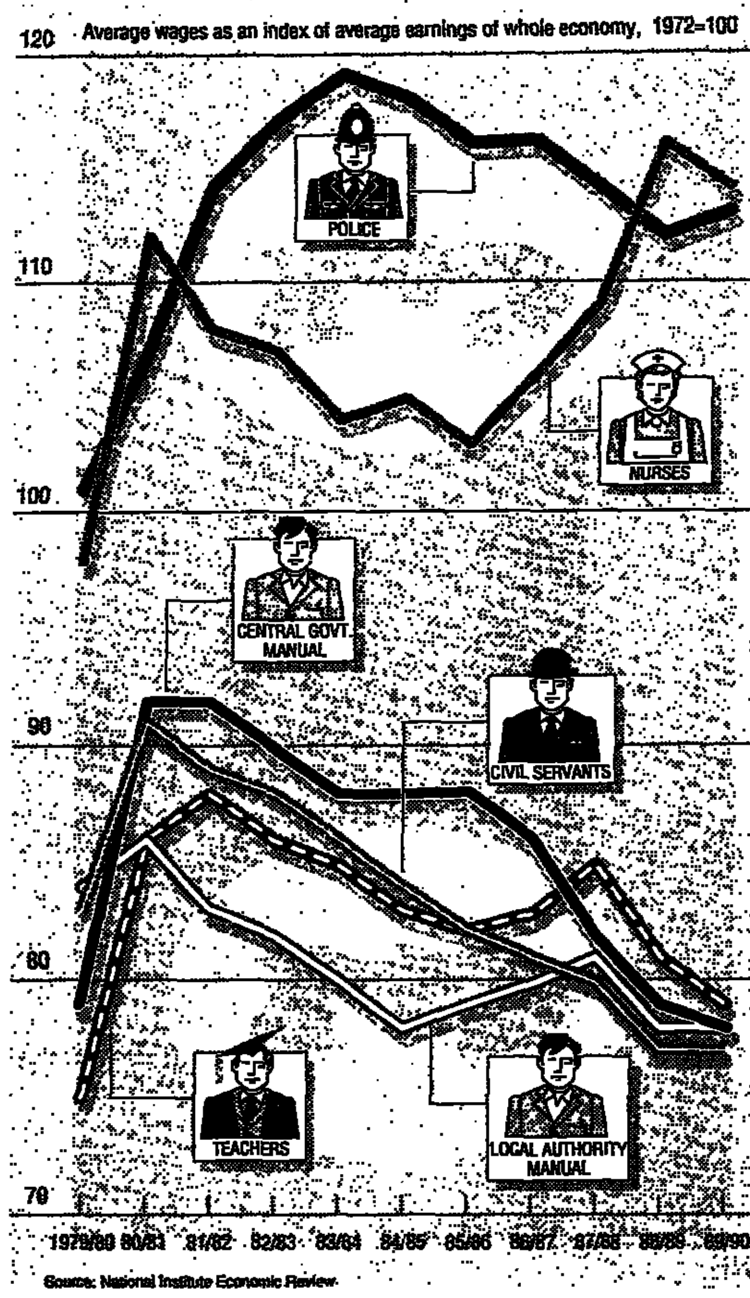
Devolved management has not, however, always brought about the clarity and competence its protagonists claim. It is one thing to divorce policy from management at the top; another to give budget management responsibilities to doctors and teachers on the ground. Primary school governors and head-teachers are not universally applauding the shift to local management, and some chief education officers privately fear that it is only a matter of time before incompetence – or worse – is exposed.

"This white paper is only the beginning," Mr Major stressed in the foreword to his charter. Much the same is true of the public sector changes highlighted above. But if reform is piecemeal, expectations are high. Far too high, say the critics. As Mr William Brown, professor of industrial relations at Cambridge University, puts it: "No structural change, rhetorical flourish and system of cash incentives is better than the managers who manage it."

Further articles on the changing shape of the public sector will appear in the FT in August.

PUBLIC SECTOR RELATIVE WAGES

Average wages as an index of average earnings of whole economy, 1972=100



Source: National Institute Economic Review

Shut-out for Gates?

■ George Bush sounds ever more strident in his defence of Robert Gates, his nominee to run the CIA. Doth the US president protest too much?

Washington's grapevine has it that he has really decided to drop Gates for General Brent Scowcroft, his national security adviser who served Gerald Ford in the same capacity. There is an exquisite logic to such a move.

The general is one of the few senior US officials who escaped the 1986 Iran-Contra arms-for-hostages scandal which has dogged Gates, deputy CIA director at the time. Unobtrusive Scowcroft is utterly loyal to the president, and could be counted on to be confirmed by the US Senate.

By contrast, Gates faces a summer of damaging stories about Iran-Contra and his knowledge of other CIA activities, notably its use of BCCI, to which he cannot respond publicly because of his pending confirmation hearings. He thus again faces the "death by a thousand cuts" he suffered in 1987 when questions about Iran-Contra forced him to withdraw his nomination as CIA director under Ronald Reagan.

The natural escape would be for Gates, currently deputy to Scowcroft, to swap places with his boss. The post of national security adviser does not need Senate confirmation.

It of course remains to be seen whether Bush stands by his original choice. But at least he knows the job-swap option is a way to have the last laugh at his opponents' expense.

Dramatic change

■ When a colleague visiting Aberdeenshire offered a drink to his host, the Scot demanded a double on grounds that the mere sixth of a gill offered at the bar was "a dirty glass." A fifth of a gill was a respectable measure. But it took a quarter gill to make a "dram" truly worth downing.

The big dram had been condemned to vanish into a new metricated 25ml measure, little more than a sixth of a gill. But Scottish drinkers will be cheered to hear the government has now decided to allow a 35ml measure to be used for selling gin, rum, vodka and whisky – just a few aromatic atoms short of the quarter gill.

Announcing the reprieve, the government said it was "conscious that parts of Scotland have traditionally used the larger imperial measures." More conscious, perhaps, than some who've consumed them.

OBSERVER

Brown's bank

■ What is going on at Brown Shipley, one of the grand old names in British merchant banking? First of all it loses its finance director, appropriately called Mr Carefull, and now it has lost John van Kuffler, its go-ahead chief executive. It also lost a fair amount of money last year and cut its dividend for the first time in living memory.

Lord Farnham, a director for the last 32 years, is resuming the helm but promises me that there are plenty of people queuing up for the two jobs. Beyond that he is saying nothing. Nor is Kredietbank, which owns 29.5 per cent, or Giorgio Rossi, a former Credito Italiano banker who owns another 14½ per cent. But given that they paid around £7.50 per share for their stake five years ago and the shares are now trading around £2.30, presumably they are none too happy.

It is a sorry sight. Here is a firm which was once so close to the Bank of England that it employed Montagu Norman and gave temporary employ to politicians like Edward Heath. Its former offshoots, Baltimore's Alexander Brown and New York's Brown

Brothers Harriman are still thriving in their own conservative way. Much like Morgan Grenfell, although on a far smaller scale, Brown Shipley has long since lost its way.

Full circle

■ The wheel of Fate proverbially spins fast, but in Poland the velocity is little less than shocking. President Lech Walesa, Nobel Peace prize laureate and famous freedom fighter, was arrested when General Woijciech Jaruzelski imposed martial law there in 1981, and held without trial for months along with thousands of other Solidarity trade unionists.

At the time, Jaruzelski said Poland was facing anarchy and so the move was necessary in order to "save the country from a worse fate", words which everyone in Poland took to mean a direct Soviet intervention.

Well, well. Walesa, who is having his own problems with turbulent unionists, has now been quoted in the Polish press as saying: "I would resort to force to save the country if we were faced with anarchy or major strikes or if the situation became drastic."

Presumably he fears a Lithuanian intervention?

Toujours je suis

■ What is French Premier Edith Cresson's favourite word? All those replying "ants" or "homosexual" can go to the bottom of the class. The right answer is "I".

Paris consultants Infométrie have computer-analysed her last five interviews, and found that she says "I" or "me" on average 3.7 times per 100 words, peaking at a staggering 7.5 per cent of verbal output on one occasion.

The consultants, who say anything over 4 per cent is abnormally egocentric, have clocked President Mitterrand at an average of 4.2. But even at his most self-centred, he has rarely topped 5 per cent.

Infométrie also remarks that if Cresson says "must" any more often, her utterings will sound like incantations.

Ho Ho Phew!

■ The colour of reindeer Rudolph's nose was matched by the faces as well as the cloaks of 104 international Santa Clauses in Copenhagen for their world congress. The temperature was 25deg C.

But it did not stop them from tucking into their "Christmas dinner". It was roast pork with red cabbage then rice almond pudding – a mix sounding almost as off-putting to strict traditionalist Observer as the new Euro-carol the congress approved: a goulash of lines from venerable carols of six countries.

Mind you, it was not entirely a case of goodwill to all men. The Finnish Santa had been excluded, apparently because the tourism-boosting success of Finland's claim to be Father Christmas's birthplace has got up the beards of rival claimants such as Norway, Iceland and Greenland.

Home thoughts rather than abroad

Germany's first monthly trade deficits are cause for concern among exporters, says Andrew Fisher

Germany's exporters have had the wind taken out of their sails over the past year. Although west German goods continue to dominate some export markets, companies with a high proportion of foreign business are finding the going a lot rougher than during the heady years of the late 1980s.

Then, the former West Germany's trade surpluses were so high as to be embarrassing – prompting calls, mainly from the US, for the country to stimulate its domestic economy and encourage imports. This year, however, Germany has recorded its first monthly trade deficits for 10 years. In May, imports exceeded exports by DM800m (£270m) in united Germany. For west Germany *alone, the deficit* was DM1.1bn against a surplus of DM12bn in the same month of last year.

The fact that Germany is no longer notching up big surpluses does not mean that exporting companies are retreating from abroad. While the lucrative sales opportunities in east Germany have proved tempting, the addition to the domestic market by no means matches the size of export business. Moreover, east German demand is bound to slow down once immediate consumer expectations after unification have been met.

So west Germany's exporters remain keen to raise their performance in foreign markets, not least because their competitors – principally the US and Japan – are pushing deeper into Europe. Germany's car companies, for instance, are well aware that the Japanese are poised for an even bigger onslaught. Nor will the economic downturn in many of Germany's trading partners last; once foreign demand picks up again, German groups will pay closer attention to their traditional customers.

Mr Helmut Schlesinger, president-elect of the Bundesbank, says west German companies have recently found it easier to satisfy east Germany's hunger for goods than to face tough competition in world markets. "But our companies can't afford that for long," he says. "They can't jeopardise their market shares in the rest of the world. So I think they will soon make efforts to increase their export business again."

Two years ago, West Germany notched up a record trading surplus of DM135bn. In 1990, this fell to DM92bn. The surplus for the whole of 1991, reckons Mr Jürgen Pfister, Commerzbank's head of economic research, is only likely "to be about DM30bn". The decline is significant because exports account for roughly a third of the west German economy. For some sectors, such as machinery and cars, the proportion is much higher – about 60 per cent.

The reasons for this rapid reversal are not hard to find: German unification has sent *demand from east Germany* soaring, especially for consumer goods; the weakness of the dollar has made German goods abroad more expensive; recession in the US and parts of Europe has dampened demand for imports; and tensions arising from the Gulf war have hit business and consumer confidence.

Despite causing a jump in imports, unification has benefited west German companies which do business directly with east Germany. However, industry in the new eastern German states cannot enhance the national export effort because it has been flattened by the pressures of the transition to a market economy and the collapse of trade with eastern Europe. For east German companies, learning the facts of selling to demanding customers in the west will obviously prove hard; markets in the newly emerging democracies of eastern Europe will take time to revive, while prospects in the Soviet Union remain doubtful.

Apart from the economic disruption in the east, west Ger*many's exporters are also hav*ing to confront problems in their traditional markets. In the first five months of this year, west German exports were down by 3.7 per cent in real terms, compared with the corresponding period of 1990, and imports were up by 20 per cent. One company whose export performance has lagged is Siemens, the electrical and electronics group. In the first nine months of its financial year to September 30, domestic orders rose by 31 per cent, while export orders rose by only 13 per cent, lower than in previous years. Domestic order books were swelled by east German contracts, especially in telecommunications.

Another company feeling the export pinch is Linotype-Hell, a world leader in advanced printing equipment in which Siemens has a 33 per cent stake. It does more than 70 per cent of its business abroad; 30 per cent of total sales are in the US. In 1990, its US business was up by 8 per cent in dollars, but was 7 *per cent lower when translated* into D-Marks because the dollar was weak. On the other hand, it experienced a 28 per cent rise in its domestic business last year, mostly stemming from purchases by west German publishing houses expanding in the east.

"The economic landscape has definitely changed in the past 12 months," says Linotype's chief executive, Mr Wolfgang Kummer. While the company's sales to Japan rose 140 per cent last year, though from a low level, it experienced a severe downturn in the UK and in the Middle East. The Gulf war was partly to blame, and although it ended quickly, consumer and business confidence has still to pick up, especially in the US.

Among the sectors hit hardest by the tougher conditions abroad is mechanical engineering, one of Germany's biggest exporting industries. The order inflow in the March-May period this year showed a 22 per cent drop in new export *business. A rise of 2 per cent in* the domestic market helped improve the picture, so that overall, the fall in orders was 11 per cent.

But the figures of the industry association, the VDMA, disclose sharp variations. Machine tools, for example, have suffered from recession abroad, and from increased competition from Japanese, US, and other producers, as the D-Mark has been strong against the dollar and yen. They have done less badly at home. Incoming foreign orders in the first three months of this year were 37 per cent lower, while domestic business fell by a less severe 14 per cent.

Building machinery, an obvious beneficiary of the construction boom in west Germany and the start of reconstruction in east Germany, recorded a 20 per cent jump in Germany in the same period against a 32 per cent drop in foreign orders. Similar sharp differences in domestic and foreign performance have been experienced in the paper-processing and printing, agricultural equipment, and food-processing machinery areas.

The effect of exchange rate movements can be critical for exporters. "When the yen doesn't appreciate (against the German currency) over a period and the dollar falls dramatically, this harms our industry enormously," says Mr Hans-Jürgen Zechlin, the VDMA's director. He cites the Asia-Pacific area, where German machinery exports have grown rapidly, but have yet to achieve the market penetration of Japanese and US manufacturers. "If a project worth, say DM200m, is calculated on a dollar rate of DM1.85 and the dollar goes below DM1.50, then losses can be big."

Although selling abroad has become tougher, economists expect next year to bring gradually rising surpluses again. By then, they forecast, the import surge caused by German unity will have slowed down, European economies will have started to revive, and the US recovery will be gathering pace.

"The economies in the industrialised countries should strengthen again," says Mr Schlesinger, "and this should help exports."

German businessmen are, however, aware that they need not only to retain their position in existing export markets, but also to win new ones as American and Japanese competitors increasingly throw down the gauntlet in Europe. Mr Kilian von der Tann, the head of KSB, the German pumps and valves manufacturer, says: "It would be dangerous just to sit comfortably *in Europe and let them come* right up to our door. We have to meet the challenges in other markets."

His attitude explains the export motivation of many German companies as their rivals mount attacks on a wider front. KSB is a medium-sized company that is a leader in its field, with about 10 per cent of the world pumps market. While Mr von der Tann still sees considerable growth potential in Europe, where most of its business is done – its overall export dependency is about 40 per cent – he is keen to expand. This means the US and Asia.

To stay vigorous in export markets, says Mr von der Tann: "We have to do our fitness training every morning." The competition is certainly doing no less.

West Germany's biggest export customers

	1990 DMbn	1990 % of total	1989 DMbn	1989 % of total	Change over 1989
France	83.8	13.0	84.3	13.2	–0.6
Italy	60.0	9.3	59.8	9.3	+0.3
UK	54.7	8.5	59.4	9.3	–7.8
Neths	54.3	8.4	54.4	8.5	–0.2
Belgium	47.8	7.4	46.0	7.2	+3.9
US	46.9	7.3	46.6	7.3	+0.5
Switz	38.4	6.0	38.1	6.0	+0.8
Austria	36.8	5.7	35.3	5.5	+4.4
Spain	22.8	3.5	21.8	3.4	+4.8
Japan	17.4	2.7	15.3	2.4	+14.1

Bilateral trade

DMbn	1986	1987	1988	1989	1990
EC countries	51	62	81	95	64
France	15	16	18	24	19
UK	15	17	22	25	18
Spain	5	7	9	11	10
Italy	5	7	11	15	8
Benelux	8	10	11	11	8
EFTA countries	34	34	34	37	30
Switz	13	11	15	17	15
Austria	12	11	13	14	13
Eastern Europe	3	3	5	6	3
US	28	24	17	8	10
Japan	–15	–15	–15	–17	–16
China	4	2	1	–1	–4

Source: Commerzbank

Joe Rogaly

The ghosts of No 10

There must be something impregnated in the walls of No 10 Downing St. The ghosts of former masters of the house – Disraeli, Churchill, Attlee, Thatcher – never quite depart. Whatever it is, it has a curious effect on new tenants. Initially, it puffs them up. Finally, it knocks them down. At present the house is taking Mr John Major, at first sight a rather unpromising lump of clay, and attempting to fashion him into a prime minister. As always, the office is creating the man.

It is a half-finished task. You could see it begin during the Gulf war, but it was not clear then whether Mr Major's dignified conduct of our small British end of that event was evidence of his ability to grow into his new job, or whether it represented the lesser achievement of reading, with steady nerve and attractive mien, his predecessor's script.

Later writers will judge; the immediate point is that this trainee, thrust into the Foreign Office, the Treasury, and then No 10 itself at a stage in his career when he might have been satisfied with a minor ministry, could tell himself that not only could he manage No 10, but that he could also help run a war. What is more, he could influence the Americans: after the shooting stopped he picked up the issue of the Kurds trapped in northern Iraq and made considerable headway. Now he is to holiday at Kennebunkport, Maine, with President George Bush. It could go to anyone's head.

Mr Major's most significant foreign policy achievement lies, however, on this side of the Atlantic. Convinced that Thatcher-style confrontation with the other members of the European Community was fruitless, he proclaimed Britain's place "at the very heart" of Europe's affairs. That changed everything. The *chances are that when the* intergovernmental conferences on European monetary and political union end in December Mr Major will be able to announce a triumph for the UK concept of an EC that works like a congeries of independent states, even if it *looks* like a federation.

If he cannot, all may crumble, and he will be booted out. The Conservative party, divided over Europe, remains to be convinced that charm and pragmatism will protect Britain from EC federalist ambitions. Against that, the tribe of stubborn recalcitrants, of whom Mrs Margaret Thatcher is the most outstanding member, is dwindling in both numbers and influence. The odds favour Mr Major, who never forgets that it was the party that propelled him into office. He demonstrated his skills as Tory manager, at some short-term cost in electoral support, when he arranged the buyout of the poll tax with money generated by raising value added tax.

But after the Gulf war everything seemed to go wrong – a further development, perhaps, of the rapid education provided for Mr Major by his new residence. A disastrous by-election result in May was followed by some weeks of bad political news, not to mention accumulating evidence of a skilful Labour campaign of continuous promotion of its now moderate policies. The Conservative rating in the opinion polls fell sharply. My view at the time was that the Tories were behaving like a bunch of fumbling amateurs. The conventional wisdom was that they would lose the next election. How would Mr Major react?

As always, the office is creating the man

He kept his nerve. The evidence is not so much the predictable assertions of those around him as the government's economic strategy develops. Tory backbenchers are still mumbling that Mr Norman Lamont, Mr Major's chancellor, may be destined to go down in history as the Roy Jenkins of this government. Lord Jenkins, you may recall, was the Labour chancellor who, in 1969, followed a policy of sound money and fiscal rectitude. What happened? Labour lost the 1970 election. Mr Lamont's cautious reduction of interest rates by a series of half points is dictated by the oath of monetary virtue sworn when Britain joined the exchange rate mechanism of the European Monetary System. Will virtue be rewarded as painfully this time as in 1970? It is a terrifying thought. Some chancellors, and some prime ministers, might have panicked before now.

Instead, Mr Major brought in the professionals, the "gang of four". These are: Mr Chris Patten, party chairman; Mr Richard Ryder, chief whip; Mr John MacGregor, leader of the Commons, and Mr John Wakeham, nominally energy secretary but actually the most experienced news manager of the team. They meet in Downing St every morning at 8.15. Collectively, they match up to Labour's Mr Peter Mandelson, the political operator who brought Mr Neil Kinnock's party to above 40 per cent in the polls, leaving it to Mr K to keep it there.

The gang has recently nursed Britain's media through a series of government policy announcements, all counters to Labour's continuous launches. It has helped Mr Major make the best of a good hand, dealt him as host to the Group of Seven meeting of heads of government; the prime minister himself grew visibly in self-confidence as he saw he could not only pull that one off, but also manage difficult exchanges of view with the indigent President Mikhail Gorbachev. The Citizen's Charter, launched with taxpayers' money this week, was a similar exercise in party propaganda whose side-effect must be a further boost to Mr Major's morale.

Then on Tuesday, doubtless with the gang's prior approval, the prime minister prepared to hit back at Mr Kinnock should he use question time in the Commons to insinuate backstairs pre-knowledge of the fraud at BCCI. Mr Major clearly felt sufficiently in command to allow himself to lose his temper, for a fleeting second. *That should further establish* his control, for now – but let him beware. If he wins the next election, as he has every chance of doing, the ghosts of Downing St will begin their oldest trick of all: setting him up for a fall.

LETTERS

Minister finds criticism of industrial relations proposals 'unconvincing'

From Mr Michael Howard MP.

Sir, I welcome your support for a number of the proposals in my green paper, Industrial Relations in the 1990s, but I was surprised by your reaction ("Politics and trade unions", July 25) to my proposals on the "check-off", Bridlington and *the legal status of collective* agreements. I believe that your analysis of the effect that these proposals might have is mistaken.

On the check-off, my proposal is simply that automatic deductions of union subscriptions from pay are not made without the consent of the individual employee. I do not propose to make the check-off *unlawful (as it is,* for example, in France). On the contrary, nothing in my proposal would prevent these arrangements from continuing if union members want them to do so.

My proposal could result in what you describe as "a significant loss of membership", only if a large number of union members are currently paying subscriptions to trade unions through the check-off without their knowledge or against their will.

I find your arguments against allowing union members the freedom to choose which union they join singularly unconvincing. There could be no clearer example of how the TUC's Bridlington principles deny union members the freedom to *decide* which union to join than the case of the Union of Construction Allied Trades and Technicians (Ucatt), which you mentioned in your leader. Because of Bridlington, those many Ucatt members who have lost all confidence in that union find the only TUC union to which they can belong is the union they want to leave.

You claim that Bridlington "tends to mean fewer, less fragmented unions". In fact, the opposite is the case. If a group of workers find that they can no longer tolerate remaining within an existing union, the *operation of Bridlington means* that they have to set up a new union outside the TUC. There have been several examples of this in recent years, including airline cabin crew who left the TGWU because of its policies and started their own union outside the TUC because they were denied the right to join another union.

Nor is there any reason why employers with, for example, single union agreements, should fear the consequences of allowing union members greater freedom of choice. Single union agreements are about recognition and negotiating rights, not union membership. They do not prevent employees from joining other unions. Since the repeal of the last government's wholly discredited legislation on trade union recognition, it has been for employers to decide which trade unions they recognise for collective bargaining and other purposes.

Finally, I was surprised that you dismissed so lightly my proposal to encourage the development of legally binding collective agreements. The law *in the UK is virtually alone* in creating a presumption that collective agreements are not legally binding. In most other industrialised countries it is normal practice for collective agreements to have the status of contracts which impose obligations on both parties. In those countries employers and trade unions alike find that this brings greater clarity and precision to collective bargaining and greater stability to industrial relations. I have no doubt that the development of legally binding agreements here would make the UK even more attractive *to foreign investors who are familiar* with legally binding agreements in their own countries and find the UK tradition of non-binding agreements strange and inexplicable.

Michael Howard,
secretary of state
for employment,
House of Commons,
Westminster, SW1

Where BR's problem lies

From Mr Neil Moore.

Sir, I have long been convinced that British Rail, certainly Network SouthEast, would be unsaleable by privatisation if only because a large proportion of the City's investment managers have daily personal experience of its manifest shortcomings. Moreover, the need to finance capital *investment, though obviously* important, is not the central issue. The main problem is the mind-boggling incompetence and complacency of BR's management which successive BR chairmen have seemed unable or unwilling to tackle.

Neil Moore,
Renby,
Eridge Green, East Sussex

Union backs efforts to reverse veto on BAe 146 deal with Iran

From Mr K Gill.

Sir, The government, the company and, above all, the British Aerospace workforce are perfectly justified in their anger at the US government's decision to block the sale of six BAe 146 aircraft to Iran.

Quite apart from the threat to 1,500 jobs at Hatfield the workers and their unions have always had a special interest in the development and success of the 146.

It was their four-year struggle from 1974 which was largely responsible for the aircraft getting off the ground at *all. Unfortunately, private* industry had no faith in the project. The workforce did. Without this faith and the subsequent organisation and determination of the unions, the BAe 146 would not exist.

Seventeen years later, the aircraft is in service on four continents. It is a trade union success story and world leader.

We fully support Mr Lilley's attempts to persuade the US government to reverse its ban. Its approval of the Fokker deal between Iran and the Netherlands last year could be interpreted as double standards.

But is it also due to the "special relationship" Mr Lilley's government has built up with the United States? This is a relationship in which Britain is the junior partner and one in which the American government seeks to intervene in our affairs and determine our industrial policy.

If Mr Lilley's present anger represents a change in attitude it is to be welcomed. Hopefully it will not be too late to save the jobs in aerospace.

K Gill,
general secretary,
MSF, Park House,
64-66 Wandsworth Common
London SW18

ANC and violence in S Africa

From Mr N A Tomalin.

Sir, The ANC may try to blame Inkatha and the security forces for the violence in South Africa during the past five years, but your correspondent must know that this is not true. ("Buthelezi tries to shrug off scandal", July 23).

Up to March 1987 the recorded deaths of black people by burning – the method of intimidation encouraged by Mrs Mandela – numbered 660. These were known and recorded deaths; no one knows how many went unrecorded.

And while people were being "necklaced" the ANC was receiving substantial financial support from many sources far exceeding any payments made by the South African government to Inkatha.

N A Tomalin,
Highfields,
Gussage All Saints,
Wimborne, Dorset

Banking practices need revising

From Mr Robert Pringle.

Sir, The more persuasive the *governor* is in explaining the difficulty that the Bank of England had in finding out what was happening at BCCI and then in acting on it, despite anecdotal evidence of systematic wrongdoing ever since 1976, the greater will be the suspicion that other banks which should also be closed are still operating. This lends urgency to the case for a revision of the UK and international bank regulatory practices made by Professor Richard Dale (July 23).

Robert Pringle,
editor, Central Banking,
53 Clarewood Court,
Crawford Street, W1

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES

Friday July 26 1991

Fuji Bank sacks four employees as new revelations rock the financial community

Riddle over names in Japanese scandal

By **Stefan Wagstyl** in Tokyo

THE JAPANESE financial community was abuzz with speculation yesterday after the *Ministry of Finance revealed* that individuals as well as companies received up to Y128bn ($934m) from stockbrokers to compensate them for trading losses.

The tantalising issue of which names are on the list and whether they include Japanese politicians was the high point of a day-long meeting in the the lower house of the Diet (parliament) which cross-examined Mr Ryutaro Hashimoto, the finance minister, and Mr Nobuhiko Matsuno, director-general of the Securities Bureau.

Yesterday's events in the Diet coincided with news that Fuji Bank, one of the country's biggest, had sacked four employees who ran a huge illegal loans scheme using forged certificates of deposit worth Y260bn.

Three employees were formally accused by the bank of fraud and forgery. Fuji said it suffered losses of Y27.1bn from the illegal transactions which started in 1987.

The incident is the latest in a string of revelations to rock Japan's financial community.

In the Diet, Mr Matsuno confirmed that Japan's Big Four broking companies – Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi *Securities – had paid compen*sation of Y128bn to about 200 clients.

Body language: Ryutaro Hashimoto ponders, cogitates and takes medication while waiting to speak in the Diet

Looking tense and nervous, Mr Matsuno told the Diet's finance committee he had not seen a politician's name on the list. However, he left open the possibility that one might appear, by saying he had not had time to examine the list.

There are suggestions politicians might be represented by the names of their aides or fund-raising organisations.

Mr Hashimoto, a potential prime minister who is suffering heavy political damage *from the scandal, tried to win* the committee's sympathy by saying that he had considered resigning over the affair but had continued to ensure reforms were carried out.

He repeated pledges to make rules changes, including banning by law compensation payments and the system of brokers managing funds on clients' behalf (these practices are restricted only by ministerial ordinance).

He rejected calls for the establishment of a Japanese-style Securities and Exchange Commission. Instead, the ministry *was planning to create an* integrated inspection team next April, he said.

The ministry refused to give details, except to say there were probably no politicians on the list of 200 or so clients from the Big Four companies.

It insisted the brokers should reveal the names to counter public outrage at the payments which discriminated against ordinary investors, who naturally received no compensation for trading losses.

However, a compromise could be in the making, with some officials arguing in favour of the publication of a list classifying the clients by industry and other ways but not giving names.

An earlier list of 231 clients had contained some names more than once because a few clients had received money from more than one broker. In addition, six medium-sized broking companies had paid out Y35bn.

Meanwhile, Mr Matsuno disclosed Nomura Securities was being investigated by the Tokyo public prosecutor's office for allegedly manipulating the stock of Tokyu Corporation, a railway and property company, between April and September 1989.

European court overrules UK parliament

By **Andrew Hill** in Brussels and **Ivor Owen** in London

THE EUROPEAN COURT of Justice in Luxembourg yesterday overruled a British act of parliament for the first time over a ban on Spanish trawlers operating in UK waters.

The court ruled that the 1988 Merchant Shipping Act, which states that 75 per cent of directors and shareholders in companies operating fishing vessels in UK waters must be British, contravened European Community law.

The court said the UK could not demand strict residence and nationality conditions from owners and crew before granting their vessel British registration.

British fishermen said the ruling could spell disaster for the UK fleet, and lawyers for the Spanish trawler owners, who brought the case, said they would sue the government for compensation for loss of earnings of up to £20m.

The 1988 act was an attempt to stop "quota-hopping", which involves vessels registering under another country's flag to take advantage of that country's quotas under the EC common fisheries policy.

The UK government said it *was still considering the impli*cations of the decision, and in the Commons, ministers did not respond to demands for a statement on the constitutional implications of the judgment.

Mr David Clark, the Labour opposition's shadow agriculture minister, blamed "sloppy" drafting of legislation and anti-EC MPs protested at what they saw as interference with British law. The National Federation of Fishermen's Organisations said fleets operating in south-west England and the Irish Sea would be among the hardest hit, but the ruling would jeopardise the deep-sea fleet as well.

EC fish quotas were "getting tighter and tighter" and there was no spare capacity for Spanish vessels to operate in UK waters.

British and EC officials said the court ruling did not tackle the problem of quota-hopping. Similar cases have been brought by the Commission against other member states.

At the root of the problem is the system of fish quotas. There is widespread poaching across member states' fishery sectors, and stocks of most species of fish are dangerously low. Mr Manuel Marín, commissioner responsible for EC fisheries, has threatened to hand back the common fisheries policy to member states if they do not accept his radical conservation programme.

Mr William Cash, Conservative MP for Stafford and chairman of the anti-federalist Friends of Bruges Group, protested *that the court's ruling* meant there was "a serious doubt whether the competence of the Commons will continue as it has in the past".

He added: "By one means or another we must ensure we retain our sovereignty in the Commons on behalf of the electorate".

Uk fleets fear decline, Page 7

Nine Croats killed in clash with army tanks

By **Laura Silber** in Erdut, Eastern Croatia

AT LEAST nine soldiers from Croatia's national guard were killed and 17 wounded yester*day when Yugoslav army* tanks fired on them from neighbouring Serbia.

The Croat guards were killed in their barracks in Erdut, a village in eastern Croatia, the Belgrade-based Tanjug news agency reported. Federal tanks fired on them across the Danube river from Serbia. The barracks was nearly destroyed.

In a conflicting report, the *army said Croat guards shot* first and "the army was forced to answer fiercely".

At least 40 Croats and Serbs have been killed since Saturday in fighting between Croatia's Serbian minority and soldiers from the national guard. Yesterday saw the worst fight*ing so far between Croat reb*els and the Yugoslav army since the conflict began after Croatia's declaration of independence on June 25.

The army has said it would only act to stop inter-ethnic conflict. But Mr Josip Kremenje, a Croatian reserve policeman, said the army *had* warned it would blow up the ethnically mixed village of Erdut.

Erdut has a mixed population of 2,000 people where Croats represent a 60 per cent majority.

Mr Stjepan Zoric, a local community leader, said: "Here we have Serbs, Croats and Hungarians but there have been no incidents between the common people. We are all equally endangered and want nothing else but peace."

The people of Erdut fear full-scale war: "Last night I woke up and carried my two sleeping children to a neighbour, my wife gathered up some belongings and we fled," said Mr Tomislav Kristic. "My house is destroyed."

Telephone lines were cut yesterday in Erdut. Roads are blocked by numerous barricades. Croatian police ring the town, and the army has barricaded roads leading over the bridge towards Serbia.

Converted farms and agricultural combines now house hundreds of Yugoslav army reservists who sit in the camps *in the shadows of tanks*, trying to escape the summer heat.

A lieutenant on the Brotherhood and Unity Bridge over the Danube asked *foreign* journalists if it was peaceful now in Erdut. He appeared proud that the army tanks had hit the Croat national guard barracks. "We have good aim, what do you expect?" said the lieutenant.

US plays down threat of force against Iraq

By **Michael Littlejohns**, UN Correspondent and **Lionel Barber** in Washington

THE US and the United Nations yesterday declared that Iraq had failed to meet its *deadline to give UN inspectors* full details of its nuclear facilities, but Washington played down previous hints of military action against Baghdad.

The Bush administration had given Iraq until July 25 to "come clean" on its nuclear, chemical and biological weapons or face serious consequences.

The US – supported by France and Britain – has warned that military action such as aerial bombing raids may be used to pressure Iraq to comply with UN ceasefire terms.

However, in recent days US officials have minimised the importance of the deadline. Mr Roman Popaduik, deputy White House spokesman, said: "The significance of today's *deadline is only in the sense* that this was a UN marker to judge whether the Iraqi government and Saddam Hussein was operating in good faith."

As the deadline passed and a fourth team of UN nuclear experts prepared to leave for Baghdad to continue investiga*tions, Mr Javier Pérez de Cuél*lar, the UN secretary-general, said Iraq still had not disclosed the full extent of its nuclear weapons capability.

"I don't think the government of the United States is prepared to attack again," he said.

Dr Hans Blix, head of the UN's International Atomic Energy Agency, said in Vienna that he could not be certain that his inspectors had "seen all".

The White House made it clear, however, that the US declaration that Iraq had failed to comply with the deadline and the continued subsequent inspections could be cited at a later date to justify military action.

But the forthcoming Moscow *summit as well as* the despatch of another inspection team have made the prospect of an immediate strike unlikely.

In New York, Mr Pérez de Cuéllar said he did not believe that the US or its allies intended launching a fresh attack against Iraq.

"Nothing in the statements I have heard means they are about to start tomorrow any military action," Mr Pérez de Cuéllar said.

Nevertheless, Sir David Hannay, *Britain's Security Council* delegate at the UN, warned that military action could not be excluded if the Iraqis continued their duplicity.

Mr Saddam should not delude himself into believing he was safe. A "clear and material breach of the mandatory *ceasefire terms* had been committed," he said.

Meanwhile, the UN Security Council met to discuss a report from Mr Peter Hohenfellner, the Austrian chairman of its sanctions committee, on proposals to allow Iraq to sell some oil to finance purchases of food and medicines and fund UN operations directly connected to the ceasefire.

ICI ahead of forecast

Continued from Page 1

first half of the year and a further 4,000 or 5,000 cut is likely in the second half.

More than 20,000 jobs are likely to have gone from ICI's worldwide workforce of 132,000 by the time the reorganisation is completed by the end of next year. However, it is unclear how many of the cuts will be redundances and how many due to the disposal of businesses.

Hanson's advisers said that *it had not made up its mind* what to do. It had not ruled out making a takeover bid immediately but would not launch a hostile offer unless the institutions made it clear that they wanted a takeover battle.

One option would be for Hanson to issue a statement saying it would not bid for a year.

Botha defends funding

Continued from Page 1

the product of *different* political conditions – though he contradicted this by admitting that payments to the Inkatha trade union, the United Workers Union of South Africa, would continue until the end of this month. He said R1.5bn had been spent on secret projects over five years, though he gave no details.

The foreign minister, who personally authorised payments of *R250,000 to Inkatha*, attacked the African National Congress (ANC), saying that the payments were intended to *combat large overseas funding* for the ANC.

"We did the right thing. The ANC received millions that *they* used to burn people with petrol and tyres," he said, reverting to the aggressive rhetoric adopted by Pretoria before the unbanning of the ANC 18 months ago.

The ANC said it found Mr Botha's statements "shocking".

While the government *remained under fire*, it emerged that a "peace committee" bringing together representatives of the ANC, Inkatha, Pretoria and the churches had made important progress towards ending violence, agreeing on the key issues of a code of conduct for the country's police force and political parties.

● Mr Nelson Mandela, president of the African National *Congress, has rejected claims* by Chief Buthelezi that he was unaware that the South African government had given *money to* the Zulu-based Inkatha Freedom party, Canute James writes from Kingston

Speaking to the Jamaican parliament on a visit to the island, Mr Mandela said the revelation that the government had financed the Inkatha party left him with no doubt that "while President de Klerk is talking peace, he is waging war".

Germany warned

Continued from Page 1

It suggests that the privatisation and subsidisation policies of the Treuhand, the east German privatisation agency, have slowed development by imposing only "soft" budget constraints on eastern managers.

These have allowed them to pay their workforce higher wages by providing them with *relatively* easy sources of finance.

The report proposes that the present forms of subsidy – *liquidity credits and short-time* working payments – actually go to the least efficient enterprises, and allow their managements to bid up renumeration levels.

Instead a direct employment subsidy would be paid to enterprises according to the gap between their wages and those of equivalent western German workers.

THE LEX COLUMN

The long and the short of ICI

To the extent that yesterday's *second-quarter figures from* Imperial Chemical Industries were ever relevant to a Hanson bid, Hanson seems to have missed the boat. It was always expected that the results would show further recovery from the cyclical depths of six months ago. It was by no means foreseen that quarterly profits would be virtually unchanged from the pre-recessionary second quarter of last year. At this rate, ICI could be back to year-on-year growth by the autumn, a full quarter earlier than expected.

The second surprise yesterday was *ICI's claim that its* £300m restructuring programme will yield £400m of extra annual profits by 1993. This gains a certain plausibility from the fact that Du Pont, which produced its own rather less impressive second-quarter figures yesterday, is to take a charge of around the same size as ICI's and expects even bigger savings. On this basis, ICI could conceivably be making pre-tax profits of £2bn by 1995.

On a longer view, this does less than might be expected to address ICI's fundamental problem. The company's strategy, the chairman said yesterday, is directed at the sole objective of increasing shareholders' wealth. It is not very good at it. Like *too many of* the great names of British industry, ICI is in real terms a shrinking giant. Its peak year for profitability was 1974, when pre-tax profits were in real terms some 25 per cent higher than the nominal peak of £1.527bn reached in 1989. *Adjusted for inflation* between now and 1995, the £2bn figure could be lower than either.

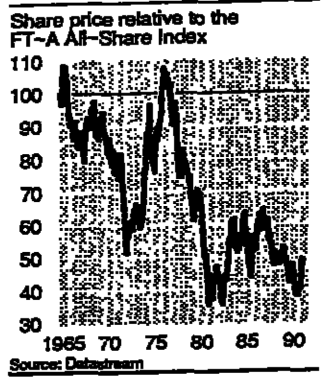
The shares peaked relative to the market in 1976, and have since underperformed by more than half, despite Lord Hanson's appearance on the share register. Shareholders' funds peaked in 1978, since when on yesterday's figures they have fallen in real terms by some 20 per cent. This is not merely a *reflection of pressure on the* world chemicals industry. In 1980, BASF and Bayer of Germany were both around half the size of ICI in terms of shareholders' funds. By the end of 1990, they were both bigger than it. The comparison is affected by sterling's depreciation against the D-Mark; but that was a commercial reality which did much to help ICI's competitiveness in the period.

*The dwindling of ICI's share*holder wealth raises serious questions about the amounts it ploughs back into the business. Spending on research, the chairman said yesterday, is not discretionary but mandatory; it also takes up to seven years to produce a return. In the past seven years, ICI has spent in today's money over £6bn on capital projects and some £4bn on research and development. Its shareholders' funds now stand at £5bn. Shareholders are bound to ask themselves if the cash was well spent.

FT-SE Index: 2,579.6 (-0.9)

ICI

Share price relative to the FT–A All–Share Index



Source: Datastream

The company's best answer, assuming that it cannot improve the rate of internal return, would be to give less money to the business and more to the shareholders. This is the strategy adopted by GEC and – after a degree of predatory persuasion – by BAT. In part, it is already happening. In the high days of the 1970s, ICI's annual dividend payment was equivalent to some 4 per cent of shareholders' funds. Last year, it was equivalent to *8.3 per cent. But if the payout* is rising, so is R&D: by 6 per cent real per annum over the past decade, the company said yesterday. As any business school graduate will tell you, raising the dividend does not increase shareholder value if the money has to be borrowed from the bank.

The conclusion from all this is that the real job of improving shareholder value has yet *to be addressed. Whatever* the answer, it is unlikely to be Lord Hanson. Like Sir James Goldsmith with BAT, his fees are too high. But ICI's institutional owners will eventually have to tackle the problem of its complacent and inwardly-directed culture. In the chairman's lengthy address yesterday, there was no hint of apology for failure. Nor would the unwary listener have *guessed from the discussion of* the restructuring plan that it is less ambitious than that of 10 years ago, which did not succeed in arresting the company's decline either.

This leaves the question of how to value the shares. They scarcely moved on yesterday's figures, on the reasonable calculation that the better the results, the less likely a Hanson bid. At 1319p, they are on some 15 times this year's earnings, which implies that the market is looking further ahead on earnings and adding a small Hanson premium on top. On the assumption that a Hanson bid is unlikely, they therefore look a touch overvalued. On the longer-term assumption that the ICI culture will therefore come under less pressure for change, they look more overvalued again.

Germany

Yesterday's OECD projection of a quarter-point rise in German interest rates will only add to speculation that the Bundesbank may act at its next council meeting on August 15. Although the authorities have generally maintained a poker-face in recent weeks, the main question for the market has not been whether rates will be pushed higher but how far they will have to go.

A clue may be provided by the next year-on-year inflation figures for July, due out today or Monday. Judging by the incomplete picture available from three länder, these are likely to show an increase in the underlying rate from 3.5 per cent to 4.5 per cent, largely as a result of the changes in indirect taxation introduced at the beginning of the month. *That, however, should not* be seen simply as a one-off adjustment. VAT in any case has to go up by one percentage point in line with EC requirements next year and, notwithstanding Mr Waigel's remarks to the contrary, may have to be raised to 16 per cent to ease the country's growing budgetary pressures. A more immediate worry is whether the latest tax increases will be seen as fur*ther justification for tough* wage bargaining, thereby set*ting off a sustained accelera*tion in inflation. Whether a quarter-point rise in interest rates will be sufficient to give the right signal must therefore be open to serious doubt.

On output growth, the OECD estimate of 2.8 per cent for the west German economy this year looks on the cautious side, given market expectations of more than 3 per cent. But on the other hand, the OECD's projected slowdown to 2.2 per cent in 1992 might turn out to be optimistic as well.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	28	82
Algiers	S	30	86
Amsterdam	F	17	63
Athens	S	30	86
Bahrain	S	36	97
Bangkok	C	31	88
Barcelona	R	18	64
Beirut	S	28	82
Belfast	C	15	59
Belgrade	S	32	90
Berlin	F	22	72
Biarritz	C	20	68
Bombay	Dr	26	79
Bordeaux	C	19	66
Boulogne	F	17	63
Brussels	C	17	63
Budapest	S	24	75
Buenos Aires	F	18	64
Cairo	S	33	91
Cape Town	R	11	52
Caracas	C	29	84
Casablanca	F	24	75
Chicago	S	17	63
Cologne	C	16	61
Copenhagen	R	16	61
Corfu	S	32	90
Dallas	F	23	73
Dublin	C	18	64
Dubrovnik	S	29	84
Edinburgh	S	21	70
Faro	S	24	75
Florence	S	31	88
Frankfurt	C	15	59
Geneva	F	21	70
Gibraltar	S	31	88
Glasgow	S	22	72
Helsinki	C	17	63
Hong Kong	F	29	84
Innsbruck	R	16	61
Inverness	S	18	64
Islamabad	F	34	93
Istanbul	S	27	81
Jakarta	C	32	90
Jersey	C	15	59
Johannesburg	S	19	66
Lima	C	18	64
Lisbon	S	24	75
London	C	19	66
Los Angeles	C	18	64
Luxembourg	C	16	61
Madeira	C	21	70
Madrid	S	30	86
Majorca	S	31	88
Malaga	S	26	79
Malta	S	33	91
Manchester	S	20	68
Manila	C	29	84
Melbourne	C	11	52
Mexico City	C	21	70
Miami	T	24	75
Milan	C	28	82
Montreal	S	20	68
Moscow	C	16	61
Munich	R	18	64
Nairobi	C	22	72
Naples	S	30	86
Nassau	C	33	91
New Delhi	S	35	95
New York	T	22	72
Nice	S	30	86
Nicosia	S	28	82
Oporto	S	24	75
Oslo	C	23	73
Paris	C	17	63
Peking	S	35	95
Prague	F	22	72
Reykjavik	R	11	52
Rhodes	S	27	81
Rio de Janeiro	C	22	72
Rome	F	27	81
Salzburg	C	17	63
San Francisco	S	13	55
Seoul	R	22	72
Singapore	F	32	90
Stockholm	S	21	70
Strasbourg	C	17	63
Sydney	S	14	57
Taipei	C	34	93
Tangier	S	25	77
Tel Aviv	F	30	86
Tenerife	F	24	75
Tokyo	F	34	93
Toronto	S	20	68
Tunis	S	35	95
Valencia	S	29	84
Venice	S	29	84
Vienna	C	23	73
Warsaw	R	17	63
Washington	R	22	72
Zurich	C	17	63

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS

Friday July 26 1991

INSIDE

Goodyear Tire moves back into black

Goodyear Tire & Rubber, the large US tyres group, moved back into the black in the second quarter of 1991, but warned that it was still suffering from the "severely depressed" car industry and the weak US economy. **Page 18**

McDonnell Douglas up 35%

McDonnell Douglas, the US aerospace and defence group, yesterday reported a 35 per cent rise in second quarter earnings and a significant reduction in its indebtedness. **Page 18**

First Ecu management buyout

Financing for the first management buyout denominated in Ecu has been completed by a syndicate of banks led by Kleinwort Benson and BHF Bank. Management of MediMedia, which publishes medical journals and directories, is buying the company from Dun & Bradstreet for around Ecu60m ($70m). **Page 19**

Thorn agrees software sale

THORN EMI has agreed a £82m ($137m) management buyout of its software business. Thorn will retain a 20 per cent stake in the company, which will be renamed Data Sciences. **Page 22**

ICL buys stake in Bell unit

ICL, the UK-based computer company owned by Fujitsu of Japan, has bought a 50 per cent share in the European computer service operation of Bell Atlantic, the US telephone company. **Page 22**

In a state of flux

The planned switch to screen-based trading on the Italian equities market in September marks a giant leap forward for reform. But dealers are still in dark on which shares will be traded, how quickly the number of stocks traded will be increased, and the exact day when the changes will take place. Haig Simonian reports. **Page 20**

Insurers take the plunge

It has been a bumpy ride for the German insurance industry, under pressure from high interest rates and the demands of EC regulations. Yet, in the last month, two German insurers have launched the biggest issues seen in recent years. **Back Page**

Golden handcuffs

Hedging has become the latest motherlode for gold producers anxious to protect prices. But the speed of communications means that most producers tend to act at the same time, trapping prices in a narrow trading range. Efforts to prevent a collapse in the gold price will probably prevent a strong recovery. **Page 24**

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Chief price changes yesterday

FRANKFURT (DM)				**Rises**			
Rises				Cetelem	718	+	15
Wella Prf.	650	+	8	Fonc. Lyonn	892	+	17
Falls				Radiotech	518	+	34
Asko	862	−	12	Sp.Batignolles	438	+	24
DLW	578	−	10	**Falls**			
Karstadt	631	−	14	Lyonn Eaux	518	−	17
Linde	805	−	13	Skis Rossi	675	−	20
Linotype	541	−	8.5	**TOKYO (Yen)**			
NEW YORK ($)				**Rises**			
Rises				Hitachi Crdt	1550	+	110
Digital Eq.	70⅛	+	3⅛	Nihon Nohyaku	1880	+	130
Ford	34⅛	+	⅜	Parco	2500	+	200
Gateway Fed.	9¾	+	1	Tokai Kogyo	1300	+	100
Gen. Motors	41	+	⅝	Tokyo Rika	810	+	99
Microsoft	67½	+	2	**Falls**			
Falls				Taihei Kogyo	1720	−	120
LA Gear	10⅜	−	1½				
PARIS (FFr)							

New York prices at 12.30.

LONDON (Pence)				Usher-Walker	167	+	11
Rises				Volex	277	+	16
Airtours	546	+	11	**Falls**			
Brit Telecom	395	+	9½	Black Arrow	23	−	4
Douglas (RM)	390	+	10	Doctus	22	−	6
Euro Disney	1265	+	37	Mcln Glenlivet	234	−	14
ICI	1319	+	12	Yates	53	−	10
Monarch Res	158	+	50	Thames TV	209	−	6½
Nat Home Loans	38	+	4	Ward Group	120	−	10
Smith (David S)	352	+	13	Welsh Water	381	−	15
Thorn EMI	743	+	12				
Utd Friendly B	380	+	16				

Digital takes $1bn charge to cover job cuts

By Martin Dickson in New York

DIGITAL EQUIPMENT, the second-largest US computer manufacturer, yesterday announced a fourth-quarter net loss of $871m as it took a $1.1bn special charge to cover the cost of a sharp reduction in its workforce and plants.

The company would not spell out the number of employees affected, but it did say some 2,000 might leave this quarter and in an interview last month Mr John Smith, senior vice-president for operations, revealed Digital had drawn up contingency plans for 9,000 to 10,000 job losses, or around 9 per cent of the payroll.

Wall Street had been expecting the company to take action to reduce its cost structure but the size of the charge both surprised and pleased many analysts, who saw it as a sign of management decisiveness. Digital shares rose $3⅛ in morning trading to stand at $70⅛ at midday in New York.

The company also announced an improvement in operating results which boosted earnings per share – excluding the special charge – from 68 cents to $1.10, which was broadly in line with market expectations.

Three main factors lie behind its cost-cutting programme: advances in computer manufacturing technology have sharply reduced the number of workers and space needed to make equipment; the recession has reduced demand across the industry; and a shift towards smaller, cheaper equipment has slowed sales of Digital's minicomputers.

Earlier this week Unisys, the struggling US computer manufacturer, announced a $1.2bn special charge to cover 10,000 job losses and other cost reduction measures. International Business Machines, the industry leader, is also slimming its staff.

Digital, which has suffered declines in earnings per share for the past three years, has already cut 9,000 jobs from its peak employment of around 126,000 in late 1989.

It said about half of the $1.1bn special charge would cover staff reductions or job retraining, and the other half would involve rationalisation of the group's plants and other facilities.

The company's fourth-quarter $871m loss compared with a loss of $257m, after special charges, in the same period last year, while the loss per share after charges rose from $2.11 to $7.08.

Operating revenues rose 17 per cent in the quarter, to $3.94bn, although that was helped by a $140m contribution from Kienzle, the German computer company which Digital acquired control of last December.

The group's product sales rose from $2.06bn to $2.34bn, while services rose from $1.3bn to $1.6bn.

For the full 1991 year, the company reported a net loss after charges of $617m, or $5.08 a share, compared with income of $74m, or 59 cents in 1990. Income per share before charges dipped from $4.19 to $3.17, while sales rose from $8.14bn to $8.3bn.

UK chemicals group announces high profits as Hanson hovers

All eyes on ICI's vital restructuring

By Robert Peston in London

At 4pm, after hosting three conferences on ICI's results and having to provide further analysis on five television stations, Sir Denys Henderson settled down to a cup of china tea in his panelled office.

Results of Britain's biggest company were vastly better than analysts' expectations. How much of the credit for the performance should go to Hanson, the conglomerate which has been circling ICI?

Sir Denys has been told by his public relations advisers that he should at all times be polite about the company run by Lord Hanson. ICI did not speed up plans to cut costs to ward off the threat of a hostile bid, says Sir Denys. But Hanson's presence, as a 2.8 per cent shareholder, has "concentrated our minds".

ICI's pre-tax profits in the six months to June 30, at £507m ($852m), were some £40m more than the most optimistic analysts' forecasts. "They under-estimated how quickly we would benefit from measures already taken to cut costs," Sir Denys says. But he is still dissatisfied with the results, since they are down 31 per cent on the first half of last year.

> *'There is more analysis of this company than any in living memory. We would be stupid to produce funnies.'*
> - **Sir Denys**

ICI made a £300m provision last year to cover the costs of this reorganisation. But that is a post-tax figure. It emerged yesterday that the actual amount being spent by ICI is more than £400m.

"We expect that, on completion of these actions over the next two years, the profit of the then ongoing ICI Group will be improved by over £400m per annum," Sir Denys says.

Colin Short, ICI's finance director, says he has been advised that the estimate does not represent a forecast of profits under Stock Exchange rules. However, ICI's three merchant banks and its accountants have verified the figure, according to Sir Denys.

He adds that the £300m provision covers more than 50 actions being taken by the company, all of which fall into one of three categories: cutting staff levels; pulling out of certain businesses; and shutting down factories.

"We have begun to implement more than half these measures," Sir Denys says. Job losses will be at least 5,000 in the second half of the year, and total staff cuts are likely to be well over 20,000.

However, Sir Denys refused to say how many jobs would go through the disposal of businesses and how many from redundancies.

Three divisions have been selected for the most sweeping cost-cutting measures:

- Specialties, which makes dyes and ingredients for detergents. Some 2,000 jobs are likely to go in the next few months.
- Materials, which manufactures advanced plastics and acrylics. The company estimates annual savings of up to £50m by cutting out research on advanced composite and set materials used in aviation and defence.
- Industrial chemicals, which groups together ICI's oldest businesses in bulk chemicals. ICI plans to cut 1,000 white collar jobs in the UK.

Sir Denys insists that petrochemicals are performing far better than in the last recession. "In 1982, petrochemicals and plastics lost £139m," he says. "After that, they set themselves a target of never being a drain on our cash reserves. They are doing better than that." The petrochemicals division was "moderately in the black" in the second quarter.

Sir Denys is convinced the industrial chemicals division can become a viable long-term business. He refused to say whether the plan is eventually to demerge the division, but this is understood to be a favoured option.

The emphasis in the four other divisions is to make them more efficient. ICI hopes to expand the pharmaceutical division through either a joint venture or by acquiring a medium-size rival. If the right company comes along, says Sir Denys, ICI would spend "much more than £1bn".

The ICI chairman expected jibes that the group had inflated profits as a form of defence against the threat of a takeover from Hanson; but he insists the results were clean trading figures. "There is more analysis of this company than any in living memory," he says. "We would be stupid to produce funnies."

The biggest contributor to ICI's unexpectedly good performance was the pharmaceutical division, which made record profits of £145m in the second quarter.

None the less, he cautions against becoming too optimistic about prospects for the full year, since the company tends to earn a disproportionate amount of its profits in the first half. Should analysts raise their forecasts to £1bn? "I hope they don't," he said. For the first time in the interview, he looked anxious.

And what about Hanson? If it is still a small shareholder breathing down ICI's neck when the final results are announced, then Sir Denys says he will cope.

Results, Page 18

Sir Denys has been told by his public relations advisers that he should always be polite about the company run by Lord Hanson

Results leave analysts divided

By Charles Leadbeater, Industrial Editor

MR TOM Crombie, a senior fund manager at Scottish Equitable, is enjoying his view of ICI's tussle with Hanson. Mr Crombie, says of the chemicals' group's interim figures: "There is more to come yet, and it will be good for us and good for ICI. It has not gone anywhere for five years, but now we are bound to get an improvement in performance."

ICI executives might have hoped that the better than expected profits would tip the balance in its favour among analysts and fund managers. There are, however, two ways of interpreting the improvement in ICI's performance.

One way is to take the view that ICI's management may be getting to grips with the group and should be left to carry on. Mr Jeremy Chantry, chemicals analysts at Kleinwort Benson, the stockbrokers, said :"They are grasping the bull by the horns; there is evidence of real underlying improvement."

However, it may also be evidence that Hanson has been the catalyst to get ICI moving. Mr Stewart Newton, the founder of Newton Investment, the fund management group, said: "ICI needs the pressure from Hanson and I hope that pressure continues for sometime."

Analysts were impressed that profits were higher than forecast. There were two chief doubts.

The first is the quality of the profits improvement. Mr Richard Henderson, an analyst at Nomura Research Institute, said that some of the improvement came from erratic items, such as an unexpected upturn in agro-chemicals. The better than forecast performance of industrial chemicals was hard to explain, he said.

A Scottish fund manager said: "We have seen it before. A cyclical company, which is under pressure from a predator, delivers great results, despite a severe recession. This was par for the course as an image-building exercise."

The second doubt concerns the credibility of the forecast £400m addition to 1993 profits which will flow from cost cutting. Mr Alasdair Nisbet at UBS Philips & Drew estimates that savings of £400m could come from 20,000 jobs losses and cuts in research from the disposal of advanced materials businesses.

Ms Ginty Price, an analyst at BZW, the stockbrokers, said there was too little information about when the savings would flow into profits. By 1993 ICI will have a very different structure, so it would be difficult to calculate the overall impact on profits.

Even the most cynical analysts were last night upgrading their profit forecasts. The consensus is that the price of a bid for ICI has gone up. No analyst believes that the time has come for Hanson to relax its pressure.

Delta fall in profits

PROFIT figures from two of the largest US airlines, yesterday underlined the industry's continuing difficulties in the second quarter of 1991, writes Nikki Tait in New York.

United's net profit was $52.7m, compared with $148.3m in the same period of 1990. At the operating profit level, the figure was down from $178.5m to $63.7m.

Delta saw after-tax profits of $19.2m in the April-June period – the fourth quarter of its financial year – compared with $74.1m a year earlier.

United and Delta said some traffic did not recover from the Gulf situation until the end of this period and profitability was depressed by widespread fare promotions.

According to Delta, the discount fare promotions caused the passenger mile yield to decline 1 per cent. United added that the recession suppressed the higher-yielding business travel market.

Norsk Hydro drops to NKr1bn

By Deborah Hargreaves in London

NORSK HYDRO, the Norwegian oil, metals and fertilisers group, saw its first-half net income fall from NKr1.27bn to NKr1bn ($147.7m) following a NKr330m exchange rate loss.

Second-quarter net income slipped from NKr459m to NKr391m as turnover fell from NKr1.88bn to NKr1.14bn .

Turnover in the first half rose from NKr30.4bn in the first half to NKr31.91bn as strong sales in the company's oil and gas, and fertiliser divisions buoyed the weaker performance by its light metals and chemicals operations.

Group operating income in the first half declined from NKr3bn last year to NKr 2.95bn .

The results came in slightly below earlier analysts' forecasts and the company's shares slipped NKr2 to NKr188. But analysts pointed out that the NKr330m exchange rate loss is no indication of the strength of the group's underlying business.

About 60 per cent of Norsk Hydro's earnings comes from its oil and gas division, where operating income rose from NKr1.28bn to NKr1.42bn in the first half. The company boosted its oil output and prices increased to an average of $19 a barrel from $16 a barrel in the same period last year.

Total production of oil equivalent rose from 1.5m tonnes in the second quarter of 1990 to 1.9m tonnes in the same period of 1991.

Exploration spending rose in the second quarter from NKr171m to NKr247m.

Gas price changes lag behind the oil price by about four months. This means the group is experiencing lower returns on gas sales.

But its oil and gas production is expected to see strong growth over the next five years as it brings more Norwegian fields on stream. Analysts have put this growth from 150,000 barrels of oil equivalent a day last year to 195,000 b/d by 1995.

The group's agriculture division saw operating income jump from NKr596m to NKr864m in the first half.

The light metals and chemicals operations were badly affected by the recession, over-capacity in the aluminium market and a cyclical downturn in chemicals.

Earnings per share dropped from NKr6.20 to NKr4.90 for the first half. Analysts estimate earnings per share of NKr13 for the year.

Norsk Hydro sells 10.3% share stake in Ranger Oil

By Bernard Simon in Toronto

NORSK Hydro yesterday disposed of its 10.3 per cent stake in Ranger Oil of Calgary on the open market, leaving the Canadian oil and gas producer, which has extensive North Sea interests, with no single significant shareholder.

The Norwegian utility sold its 10m Ranger shares on the Toronto Stock Exchange at prices between C$8.63 and C$8.75 a share for total proceeds of about C$86m (US$74.7m).

The price is only slightly below the C$9 per share which the Norwegian company was asking when it first put its stake up for sale last December.

Ranger, at that time, waived its right to find a buyer for Norsk Hydro's shares, but asked it to distribute the shares as broadly as possible.

The Norsk Hydro block was bought by RBC Dominion Securities, which immediately began selling the shares on to institutional buyers.

According to Mr Denis Mote, analyst at Maison Placements in Toronto, Ranger is one of the institutions' favourite Canadian energy companies, thanks largely to its sizeable North Sea exposure. North American energy companies are being hit by falling natural gas prices.

Ranger's biggest shareholder, with a 6.7 per cent stake, is Mackenzie Financial, one of Canada's largest mutual fund distributors. Another 5 per cent is held by the estate of Mr Jack Pierce, Ranger's entrepreneurial founder, who died earlier this year.

Analysts have speculated that Ranger may soon be the target of a takeover bid.

Mr Jack Dyment, Ranger's president, said yesterday that "shareholders will have to come to their own conclusions about what they want to do".

The managers of the company own less than 1 per cent of the stock.

Mr Dyment said Ranger will continue to focus on the North Sea.

It has four projects under development, all of which are scheduled to come on stream between the end of this year and 1994.

Gildemeister warns on dividend as sales slide

By David Goodhart in Bonn

GILDEMEISTER, one of Germany's biggest machine tool producers, warned yesterday that it would probably not be able to pay a dividend in 1991 following a sharp drop in sales and orders in the first half of the current year.

The company received DM100m ($56.8m) less in incoming orders in the six months which, when compared with the same period last year, represents a 30 per cent drop. The order income for lathes is especially poor – 39 per cent down on 1991. Overall sales for the first half also slipped by 13 per cent.

Gildemeister's results partly reflect the much more difficult exporting climate for Germany's mechanical engineering sector, the motor of the country's export machine. Mr Hans-Jurgen Zechlin, head of the VDMA, the mechanical engineering trade association, said recently that the sector expected a real drop in production in the current year.

Mr Axel Kemna, Gildemeister's chairman, told shareholders at the annual meeting yesterday that the west European market, with the exception of Germany, had collapsed. He also blamed wage rises, sharper export controls and the unfavourable dollar exchange rate.

La Repubblica float closer after purchase of Ascoli

By Haig Simonian in Milan

MR CARLO De Benedetti, the Italian industrialist, yesterday moved a step closer to restructuring his publishing interests following the election of his supporters to the board of Cartiera di Ascoli, a quoted holding company.

The appointments are an important step to floating La Repubblica, the big newspaper which came under the undisputed control of Mr De Benedetti's CIR holding company following the division of Mondadori, Italy's leading publishing group, last May.

Under the peace agreement signed between Mr De Benedetti and Mr Silvio Berlusconi, his rival for control of Mondadori, Mr De Benedetti acquired Cartiera di Ascoli, a shell company whose main asset is its stock market quotation.

Mr Arnaldo Borghesi, the new chairman of Cartiera di Ascoli, confirmed yesterday the company would be used as the vehicle for La Repubblica's flotation. By making the reverse takeover of a quoted concern, it will be possible to float La Repubblica much more quickly than by seeking an independent listing.

Mr Borghesi also said that the timetable for the merger between La Repubblica and Cartiera di Ascoli was on schedule for October.

The latest move follows the announcement earlier this week that L'Espresso, the publishing group which also came under Mr De Benedetti's control following the Mondadori deal, planned to raise up to L330bn ($252.3m) via a rights issue. The deal will reduce CIR's stake from 76 per cent to 51 per cent, guaranteeing a sizeable float of L'Espresso shares on the stock exchange.

Second quarter downturn at Rio Alcom

By Robert Gibbens in Montreal

RIO ALGOM's second quarter was hit sharply by lower profits from uranium, copper and coal mining and from metals distribution.

The company has hired RBC Dominion Securities and S.G. Warburg to seek formal offers for its metals distribution business, following last January's decision to concentrate on mining.

Rio Algom's second quarter profit was C$6.4m, down from C$19.2m, reflecting partly the shutdown last year of two uranium mines.

Lower commodity prices and a high Canadian dollar affected copper, and coal export prices were lowered from January 1. Also potash markets were highly competitive and tin mining lost money.

First half net profit was C$20.4m or 44 cents a share, down from C$39.3m or 86 cents a share a year earlier, on revenues of C$533m against C$710m.

Munich Re expects to maintain its payout

By Richard Lapper

MUNICH Re, Europe's biggest reinsurer, will maintain its dividend at DM10 a share despite losses in its reinsurance business in 1990. In an interim report for the six months to June 30, Munich Re said its reinsurance result had been adversely affected by the European storms of January 1990.

The loss was the second biggest in the company's 100-year old history.

Munich said it was withdrawing funds from its equalisation reserves – a special category of reserves set up to help meet catastrophe claims – "owing to the exceptional burden of the winter storms".

A profit earned from "general business" also helped offset the reinsurance losses. Premium income rose by 4 per cent to DM13.1bn ($7.4bn) although the increase was higher in original currency terms. Premiums from life reinsurance rose to DM2.6bn, fire to DM2.5bn, motor DM2.3bn, and engineering DM1.3bn.

Owners Abroad forecasts deficit for first half

By David Churchill, Leisure Industries Correspondent

OWNERS ABROAD, the UK's second largest package tour operator, yesterday announced its expected first-half pre-tax loss but said it was on course for profits growth in the full year.

Accounting policies mean that it does not take account of earnings from holidaymakers until their actual departure in the second half of its financial year, even though most of the costs incurred by booking holidays comes into the first half.

The company, which also operates the Air 2000 charter airline as well as an airline seat wholesaling business, announced its interim pre-tax loss for the six months to April 30 1991 of £21.4m ($36m) compared with £10.4m at the same stage last year.

Turnover, however, rose by 76 per cent from £81.6m to £143.4m, reflecting the increase in business following the acquisition of the Redwing holiday group from British Airways last autumn.

Pre-tax profits in the last full year were £15.3m on turnover of £497.8m.

Mr Howard Klein, Owners' chairman, pointed out yesterday that the company made a "positive contribution to overheads" during the first half and was not trading at a loss.

The results were in line with expectations, and the shares closed 3p higher last night at 90½p.

The interim dividend is being raised 10 per cent to 0.9075p (0.825p).

Owners' first-half performance might have been worse as a result of the Gulf war. The collapse of the International Leisure Group enabled it to increase its holiday sales as well as to enlarge its charter airline fleet by buying two Boeing 757 aircraft formerly operated by the ILG subsidiary, Air Europe.

Air 2000 is the first charter airline to operate out of Heathrow, after the relaxation of restrictions. It has sold its entire capacity for this summer, flying both Owners' holidays – booked through brands such as Falcon and Sunmed – and clients of other holiday companies.

Mr Klein said yesterday that after the uncertain start to the year caused by the Gulf war, holiday bookings were ahead of target. More than 85 per cent of its holidays for this summer have been sold; a higher percentage than ever before at this time of the year.

Banco Comercial Portugues stages strong advance

By Patrick Blum in Lisbon

BANCO Comercial Portugues, Portugal's second largest bank, has announced strong increases in profits and assets for the first half of this year.

Pre-tax profits were Es11bn ($73m), 34 per cent up on the Es8.2bn achieved in the first six months of last year.

The bank's subsidiary companies contributed Es1.4bn to profits compared with Es300,000 for the same period last year.

The bank's total assets rose more than 50 per cent from Es652bn to Es982bn in the 12 months ending in June.

Dumez strengthens SAE links

By George Graham in Paris

DUMEZ, the construction and civil engineering division of France's Lyonnaise des Eaux-Dumez conglomerate, is to strengthen an alliance with Société Auxiliaire d'Entreprise (SAE), another leading French construction group.

The groups will together take control of Razel, an excavation company, for up to FFr373m ($62.6m). Dumez, meanwhile, has acquired a 4.5 per cent stake in SAE for FFr219m.

Dumez bought its stake in SAE from Mr Michel Pelège, the property developer who had built up a 33 per cent shareholding in the company but whose efforts to win control crumbled 10 days ago when he was forced to sell most of his SAE shares to a pool of banks.

A Dumez official said the company intended to go no further than 4.5 per cent; the fact that the stake had been announced at all, although below the 5 per cent threshold where declaration is legally compulsory, showed that it supported SAE's management, he said.

"This is definitely not the first step on a staircase," the official said.

The SAE stake was bought at the same price of FFr1,200 a share at which Mr Pelège sold out to a group of banks and financial institutions led by Crédit Lyonnais, his principal banking ally, and Paribas, the investment bank which led the defence for SAE's management.

Dumez already owned 13.5 per cent of Razel, an earthworks specialist which has recorded pre-tax losses in each of the last five years, and which made a net attributable profit of FFr2.2m in 1990 thanks only to an extraordinary gain of FFr31.6m, after a net loss of FFr105m in 1989.

The construction group will buy the 58 per cent held directly and indirectly by the Razel family at a price of FFr710 per share, valuing the company at FFr432m, and will offer the same terms to minority shareholders.

Dumez said control of Razel would then be shared equally with SAE.

Zurich Insurance acquires 97% of Chilean company

ZURICH INSURANCE, Switzerland's biggest insurance group, has paid $24m for 97 per cent of La Chilena Consolidada, Latin America's oldest insurance company, writes William Dullforce in Geneva.

With a premium income of $40m a year, La Chilena holds 8 per cent of the Chilean non-life business and over 3 per cent of the life business.

It employs 607 people and operates 25 offices throughout the country. Mr Augustin Edwards will continue as chief executive.

The purchase of La Chilena marks the Swiss group's first step into Chile. Zurich Insurance has a big operation in North America, accounting for 28.9 per cent of its gross premium income of SFr17.3bn last year.

The Swiss group last year increased its net consolidated earnings by 8.3 per cent to SFr387m.

Heracles earnings jump 38%

By Kerin Hope in Athens

HERACLES General Cement, the state-owned Greek producer which is due to be privatised later this year, reported a 38 per cent improvement in earnings for 1990.

Net profits reached Dr4.79bn ($24.6m), compared with Dr3.46bn the previous year. Sales of cement and clinker in 1990 rose by 21 per cent from Dr39.1bn to Dr 47.4bn.

Company officials said that Heracles maintained its position as Europe's largest cement exporter in 1990, earning $88m from overseas sales. Exports accounted for almost half last year's total cement production of 5.9m tonnes.

Although Heracles' main export markets are still in western Europe and North America, efforts are being made to develop new markets in Africa, where sales increased by 33 per cent last year, and in Asia. The company exported clinker to Thailand for the first time last year.

Heracles forecast net profits of Dr6bn for 1991, after stronger-than-expected results for the first five months.

In preparation for privatisation, Heracles plans to dispose of several subsidiaries that are not directly concerned with cement production. Elvim, a manufacturer of power transformers and electrical switching equipment, is to be sold to Merlin Gerin of France, which belongs to the Schneider group. Merlin has offered Dr1.7bn for Elvim, which reported profits of Dr398.8m on sales of Dr2.01bn in 1990.

INTERNATIONAL COMPANIES AND FINANCE

Australian Consolidated bid may have to be raised

By Mark Westfield in Sydney

WESTERN Mining Corporation and Normandy Poseidon may have to increase their A$210m (US$163m) take-over offer for Australian Consolidated Minerals after the market bid the stock up strongly to 99 cents, well above the 90 cents a share offer price. More than 6.5m shares, or 2.8 per cent of ACM's capital, changed hands yesterday.

The bid has run into early trouble with ACM directors recommending that shareholders reject the offer. Its main shareholder, the Monaco-based AFP Group with 27 per cent of the diluted capital, has declared 90 cents insufficient. AFP is planning a major restructuring and is expected to sell at what it considers the right price.

The bid is pitched 40 per cent above the average trading price of the past three months but analysts value ACM at between A$1.05 and A$1.15 a share.

Mr Graeme Walker, Normandy Poseidon's secretary, said the bid would proceed despite the rejection by ACM and its main shareholder.

The joint bid was also thrown into confusion by the last-minute agreement between ACM and the Finnish group Outokumpu Oy to develop ACM's potentially rich Mount Keith nickel deposit in western Australia. Outokumpu has already made a A$10m down payment on its A$80m commitment to the joint venture.

Mr Fred Grimwade, Western Mining's secretary, said the bidders want to discover more about the deal.

Outokumpu, Page 24

Asahi Glass down 15% in sluggish market

By Steven Butler in Tokyo

ASAHI GLASS, Japan's biggest glass-maker, yesterday reported a 15.5 per cent decline in pre-tax profits to Y33.94bn (US$246.7m)in the first half of the year.

Asahi attributed the fall to increased expenditures on research and development, depreciation, and increases in fuel, raw materials and distribution costs.

Sales rose by 2.2 per cent to Y498.4bn in the face of a sluggish market.

Housing investment has been slack while the growth in capital spending throughout the economy has slowed.

After-tax income declined by 8.4 per cent to Y20bn. Sales of glass and construction materials rose by 1.9 per cent to Y256.5bn.

A decline in sales for flat glass and construction materials was offset by higher demand for specialised glass.

Sales of fabricated glass to the motor industry were flat, reflecting a slowdown in that industry.

Chemicals sales rose by 3 per cent to Y181bn, with increased demand for soda products and florinated specialised chemicals.

Income from sales of vinyl chloride, plant equipment and technology licensing declined. Ceramics sales rose by 12.8 per cent to Y17bn while electronic products sales increased by 2.4 per cent to Y24.6bn.

Other items, such as opthalmic lenses and frames and health equipment fell by 9.4 per cent to Y18.4bn.

A decline in Asahi's cash balance also affected the results. Interest and dividend income fell from Y14.6bn in the first half of 1990 to Y10.5bn this year, while interest expenses rose from Y3.9bn to Y4.2bn.

Asahi said the outlook did not allow much room for optimism, but that it expected to see sales increase by 4.1 per cent to Y1,060bn for the year as a whole, with an increase in pre-tax profits of 14.7 per cent to Y73bn.

An interim dividend was *declared at Y4.5 per share*, with an identical dividend expected for the second half of the year.

Bank of East Asia's 19.8% climb at top end of expectations

By Angus Foster in Hong Kong

BANK of East Asia, Hong Kong's largest family controlled bank, yesterday announced a 19.8 per cent increase in interim consolidated profits after tax to HK$124.4m (US$16m) for the six months to the end of June compared with HK$103.8m in the same period a year ago.

It is paying an interim dividend of 25 cents a share, a 19 per cent increase on last year.

The figures were at the top end of market expectations. However, because banks in Hong Kong are allowed to transfer profits to inner reserves, results are usually seen as a reflection of business confidence rather than true profitability.

Bank of East Asia traditionally starts off the Hong Kong reporting season, and its good results prompted hopes other banks in the colony had performed well in the first half of the year. Hongkong Bank, which last year saw profits drop 35 per cent to HK$3.09bn due to losses in its overseas operations, is due to announce interim results next month.

Mr David K.P.Li, the bank's chief executive said its outlook for the rest of the year was promising and that the Los Angeles branch, which started full operations in April, performed *satisfactorily. Another* has been opened in Xiamen, a special economic zone in China.

Protests push Fernz into 28.5% profits decline

By Terry Hall in Wellington

PROTEST activities in Melbourne over Fernz Corporation's new herbicide plant cost the New Zealand-based fertiliser company NZ$62m (US$35.1m) in lost sales, the company said yesterday.

It said this was the main factor in the company's 28.5 per cent profits fall in the year to March 31, which was NZ$5.7m less than budgeted for. Pre-tax profits were down 40 per cent from NZ$33.7m to NZ$20.2m. Sales declined 7 per cent from NZ$321m to NZ$299.2m.

Mr Kerry Hoggard, managing director, said the result was also affected by "quite a serious downturn" for agricultural products in Australia.

However, the effect of the protest action was lessened by favourable tax treatment in Australia – including a 150 per cent rebate on research and development costs there – together with savings of NZ$1.3m in financing costs and NZ$1m in operating expenses.

Mr Hoggard said the company planned to build a A$6m purification plant in Melbourne to help reduce waste.

The fertiliser business in New Zealand is forecast toremain at current levels this financial year, but increases are expected for agricultural chemicals and animal health with the commissioning of the chlor alkali plant in Western Australia and an oxygen chemical plant in New Zealand.

Rashid Hussain's 95% rise reflects strength of demand

RASHID Hussain, a leading Malaysian stockbroker, reported a 95 per cent rise in its operating profit to M$59m (US$21.1m) on a turnover which improved 141 per cent to M$104m for the year to May, Lim Siong Hoon reports from Kuala Lumpur.

The full-year results illustrate the strength of demand in the Kuala Lumpur stock market since its break from the Singapore bourse in January 1990.

Rashid Hussain shares top place with TA Enterprise as the country's largest stockbrokers. It also has a 20 per cent stake in Development & Commercial (D&C), Malaysia's fifth largest banking group.

● Telekom, the Malaysian telecommunications monopoly and the largest group in the local stock market, doubled its pre-tax profit from M$255m to $M514m in its half-year results to June. Turnover rose by only 19 per cent to M$1.4bn.

● Malayan United Industries (MUI), the Malaysian conglomerate facing a takeover *bid, is to increase its first-half* dividend to 3 per cent following a 43 per cent increase in its pre-tax profit to M$43m.

Du Pont vows to cut costs by $1bn in next two years

By Karen Zagor in New York

DU PONT, the biggest US chemical company, yesterday said it would cut costs by at least $1bn over the next two years.

The announcement met with Wall Street's approval, and shares in the company climbed $1⅞ to $48⅝ at mid-day, near their 52-week high of $48¾.

In a letter to employees, Mr Edgar Wollard, chairman, blamed the cost reduction on "a large US fixed-cost base that hurts the ability of many of our businesses to compete directly with their best and most aggressive worldwide competitors."

The company said the pre-tax charge against earnings could be as much as $500m in 1991. Du Pont had not yet determined the exact nature of the steps it would take to cut costs and said it could not reasonably estimate the charge to earnings.

Mr Wollard said it would be impossible to estimate the number of jobs that would be lost, but said "there will be a substantial reduction in the number of our employees".

He added: "Although a $1bn reduction represents about 10 per cent of our overall chemicals and specialties fixed costs, it could mean reductions of 30 per cent or more in costs associated with some support activities in Wilmington and in other locations."

Mr Wollard added the company made a considerable effort in the 1980s to expand its worldwide businesses aggressively "so we could maintain productivity and competitiveness. We were successful outside the US, but much less so inside the US."

Du Pont's chemical operations have been hurt by the slump in the world industry. The company said its US chemicals and specialties sales volume grew less than 1 per cent a year during the last decade, reflecting the weaker competitive position of many of its customer industries such as automotive, textiles, rubber and computers.

In addition, earnings have been depleted by the high cost of developing substitutes to chlorofluorocarbons (CFCs).

In the first half of 1991, Du Pont's earnings fell 13 per cent to $1.14bn, or $1.69 a share, on sales of $19.5bn, against income of $1.31bn, or $1.92, on sales of $19.1bn in the first half of 1990.

Microsoft earnings surge 73% to $138.4m

By Martin Dickson in New York

MICROSOFT, the leading publisher of personal computer software, reported a 73 per cent increase in fourth-quarter earnings and strong demand for a new, upgraded version of its disk operating system.

The company reported net income of $138.4m, or 73 cents a share, up from $80m, or 43 cents, in the same period last year. Revenues rose from $337m to $526.6m.

The figures were towards the upper end of analysts' expectations.

The company had introduced the upgraded system program, called MS-DOS 5, in mid-June and shipped more than 900,000 units by the end of the month, which also marked the end of its financial year.

Mr Mike Hallman, the company's president, said the results reflected record revenue from worldwide retail and computer manufacturer sales channels, and the continuing growth of Windows 3.0, the immensely successful program launched last year, and Microsoft graphical applications.

For the full year, the company reported net income of $462.7m, or $2.47 a share, up from $279.2m, or $1.56. Revenues rose from $1.2bn to $1.8bn.

UAL and Delta post sharp falls

By Nikki Tait in New York

UAL, parent company of United Airlines, one of two largest US airlines, yesterday unveiled a sharp drop in second quarter income to $52.7m, down from $148.3m in the same period a year ago.

Meanwhile, one of United's main rivals, Delta Air Lines – ranking third in the US airline industry – also reported lower figures for the April-June quarter.

UAL blamed the drop on the after-effects of the Gulf conflict, contracted business travel levels because of the recession in the US, and the widespread price-discounting that has hit the US airline industry generally.

The profits figure benefited from higher operating revenues – up from $2.74bn to $2.95bn – and revenue passenger miles flown increased by 13.1 per cent. However, the yield – passenger revenue per mile flown – fell by 4.4 per cent to 12.28 cents.

Mr Stephen Wolf, the company's chairman, said that UAL did foresee "a gradual improvement" in the months ahead. But he stressed the strength of the recovery depended on how quickly economic conditions in the US picked up, and on "a return to financially justified pricing".

All the leading airlines have complained that financially-distressed rivals have initiated waves of cheap fare offers in order to pull in much-needed cash flow to salvage their balance sheets.

The stronger airlines have generally followed suit in order to retain their market shares, but the effect has been to drive yields down.

There are currently four US airlines operating under Chapter 11 bankruptcy protection, while Trans World Airlines is trying to restructure its sizeable debts.

Delta, meanwhile, said it made $19.2m in the second quarter, compared with $741m in the same period a year earlier. Operating revenues were $2.52bn, against $2.24bn, but its passenger mile yield slipped to 13.75 cents against 13.89 cents.

Delta's financial year ends in June, with the result that it showed a $324.4m loss for the 12-month period, compared with a $302m profit in the 1989-90 period.

L.A. Gear shows $4m net loss

By Karen Zagor

L.A. GEAR, the struggling US footwear and apparel-maker, yesterday restated its second-quarter results to show a loss for the period. The deficit is a technical default of the company's restructured credit facility with its banks.

On Wall Street, L.A. Gear tumbled $1¾ to $10¼ on the news. The issue's 52-week low is $9.

The company, once the darling of Wall Street, suffered a net loss of $4m, or 20 cents a share, in the quarter, against net income of $10.2m, or 51 cents, a year earlier. It has been operating on a very short rein since it first defaulted on its bank agreement last year.

The company had previously reported second-quarter net income of $258,000, or 1 cent a share.

In the second quarter it had negotiated credits from certain suppliers to compensate for shipment and other sourcing difficulties. The company had initially recorded these credits as an adjustment to cost of sales of $4.7m in the second quarter.

L.A. Gear also previously recognised royalty income of $1.6m in the quarter upon renegotiation of its most significant licensing agreement.

McDonnell Douglas cuts debt

By Martin Dickson

MCDONNELL DOUGLAS, the financially-stretched aerospace and defence group, yesterday reported a 35 per cent rise in second-quarter earnings and a significant reduction in its indebtedness.

The figures follow reports earlier this week from US Defence Department officials that the company faced such a cash squeeze at the start of this year that it sought a $1bn advance from the Pentagon on contract work, although the request was withdrawn in April when its financial position improved.

Yesterday's results showed a further improvement in the balance sheet, with the group's total aerospace debt at $2.94bn on June 30, down from $3.30bn on March 31.

That gave a debt-to-equity ratio – excluding the group's financial services operations – of 0.91-to-1 at the half-year, compared with 1.05-to-1 at the end of the first quarter.

The company reported earnings of $77m, or $2.01 a share, in the second quarter, against $57m, or $1.49, in the same period of 1990, while revenues rose 22 per cent to $5.04bn.

Particularly notable was an improved performance at the company's long-troubled transport aircraft operations at Long Beach, California, which have been through a significant reorganisation and cost-cutting programme.

This division reported its third consecutive profitable quarter, with operating earnings of $34m, compared with a loss of $33m in the same period of last year.

Revenues rose 72 per cent to $2.4bn as Long Beach built up deliveries of the group's new MD-11 wide-bodied civilian aircraft.

Nine MD-11s were delivered to customers during the quarter, making a total of 18 since the start of deliveries late last year.

However, the company said that its backlog of firm orders had shrunk from $36.5bn at the end of last year to $33.1bn because of a softening of commercial aircraft orders worldwide, the elimination of orders placed by financially-troubled airlines, and higher deliveries.

The MD-11 programme had 160 firm orders at the end of the second quarter, down from 170 at the end of the first, and 197 options and reserves, down from 213.

McDonnell's combat aircraft business produced operating earnings of $125m, up from $77m, on flat revenues, thanks to lower costs and reduced development spending.

The missiles, space and electronics segment earned $59m, up from $42m.

Goodyear moves into black despite lower sales

By Nikki Tait

GOODYEAR Tire & Rubber, the large US tyres group, returned to profitability in the second quarter of 1991, but warned that its sales were still suffering from the "severely depressed" car industry and the prolonged recession in the US.

The company, which earlier this month forecast a second-quarter profit, duly turned in an after-tax surplus of $22.5m.

This compares with a loss of $9.4m in the same period a year earlier, although that figure was depressed by restructuring charges totalling $21.4m.

The 1991 second-quarter profit translates into earnings per share of 38 cents, against a loss of 16 cents a share in the year-earlier period.

Sales during the three-month period were down by 2.8 per cent at $2.8bn, but the Ohio-based group said selling, administrative and general expenses declined 5 per cent.

On the tyres side of the business, operating profits totalled $157.7m. This compares with $108.9m in the second quarter of 1990, when unusual charges of $20m at the pre-tax level were included in the figure.

Turnover fell by 2.5 per cent to $2.3bn – a trend that Goodyear blamed on lower unit sales, competitive pricing and the general move to lower-priced tyres. Worldwide, unit sales were down by 0.8 per cent.

In the company's general products division, there was an apparent improvement in operating profits from $40.9m to $56.3m, but again the second-quarter figure for 1990 was depressed by $15m of unusual charges.

Engineered and chemical product sales suffered from the effects of recession in the US and adverse economic conditions in Brazil, Goodyear said.

Operating losses in the oil pipeline business totalled $13m in the quarter, compared with $12.8m in the same period a year earlier.

On the announcement yesterday, Goodyear shares eased $¼ to $10½ in early trading.

Citibank delays sale of Brazilian steel group

By Victoria Griffith in Sao Paulo

THE SALE of Usiminas, the state-owned steel group scheduled to be the first company sold under the Brazilian government's privatisation programme, faces a last-minute hitch.

Citibank, one of the creditors of Siderbras – the holding group for state steel companies which was liquidated in March last year with debts of several billion dollars – has failed to give the government the waiver needed for Usiminas to change ownership.

Citibank is using the waiver to exert pressure on the Brazilian government in its debt negotiations, said Mr Isac Zagury, head of the international department of the National Development Bank (BNDES), which is in charge of the privatisation programme.

Under the programme's rules all proceeds from state sell-offs must be used to cancel out foreign debt. Citibank is thought to want an agreement that Siderbras's debts will be paid off first.

Some bankers expressed surprise at Citibank's insistence as relations were expected to improve after Brazil made its first payment of $866m in past-due interest to foreign banks a few weeks ago.

"This is Citibank's trump card," said a banker involved in the negotiations. "And they want to protect their $800m exposure to Siderbras at all costs."

Citibank has so far declined to comment on the waiver issue.

Cominco turns in C$7.3m profit despite weak prices

By Bernard Simon in Toronto

COMINCO, the Canadian base metal and fertiliser producer, returned to profitability in the second quarter, but continues to be dogged by weak prices, a strong Canadian dollar and higher interest charges.

Second-quarter earnings were C$7.3m (US$6.4m), or 8 cents a share, down from C$23.2m, or 29 cents, a year earlier. The Vancouver-based company reported a C$10.2m loss in the first three months of 1991.

Revenues inched up by 3 per cent to C$386.1m, with the entire increase due to higher fertiliser sales. Mining and metal sales dipped slightly to C$254.1m.

Interest payments soared to C$11.5m from C$2.6m, largely as a result of payments on the Red Dog zinc project in Alaska which was commissioned last year.

Operating profit from mining and metals was halved to C$13.4m, due to lower zinc, lead and copper prices. The impact of lower prices was partly offset by a 49 per cent jump in refined zinc sales and an 18 per cent advance in lead deliveries.

Production of both metals was hit last year by construction work at Cominco's big Trail smelter in British Columbia. The company has still not commissioned its new QSL lead smelter and indicated earlier this week that it is taking a closer look at alternative technologies.

However, Cominco said that zinc production at Trail returned to full capacity in March, and was expected to stay there for the rest of the year. Output at the Red Dog mine in Alaska improved in the past three months.

Efficiency gains and lower interest costs boost BCE

By Robert Gibbens in Montreal

BCE, the Canadian telecommunications group that controls Northern Telecom, posted a 14.6 per cent gain in net profit for the second quarter and a 12 per cent gain for the first half.

BCE attributed the improvement to lower interest costs, steady gains in efficiency at the main Bell Canada telecom utility, and a strong performance by Northern Telecom, the equipment-maker. These factors outweighed the impact of recession.

Second-quarter earnings were C$307m (US$269.3m), or 92 cents a share, up from C$268m, or 82 cents a share, a year earlier, on a 10 per cent gain in revenues to C$5.1bn, against C$4.6bn.

Bell Canada contributed C$224m or 73 cents a share, to BCE, up 1.4 per cent from a year earlier, and Northern Telecom C$62m, up 10 per cent.

BCE's first-half earnings were C$600m, or C$1.80 a share, from C$533m, or C$1.64, a year earlier, on revenues of C$9.8bn, against C$9bn.

BCE also owns 22 per cent of TransCanada PipeLines and Montreal Trustco, which together contributed C$19m in the latest period.

International sales buoy McDonald's

By Barbara Durr in Chicago

McDONALD'S, the world's largest fast-food chain, reported second-quarter net income of $232m, or 63 cents a share, up 8 per cent from $215m, or 59 cents a share, in the year-earlier period.

For the first six months, net income was $400.5m, up 7 per cent from $373.9m last year.

The company, which has been fighting to increase its sluggish domestic sales, was able to achieve only a 1 per cent gain for the first half. Foreign sales, however, marched along briskly at 17 per cent.

McDonald's tried to boost domestic sales through discount meals, special promotional programmes and the introduction of its new reduced-fat "McLean Deluxe" burger. But recession and competition offset these efforts.

Much of the increased sales came from opening new restaurants. A total of 187 restaurants were added in the first half, with 128 outside the US, compared with 89 being opened in same period last year.

BP sells gas transmission assets in US

By Deborah Hargreaves

BRITISH PETROLEUM has sold the gas transmission assets of its US Tex/Con subsidiary yesterday to Transok, a unit of Central and Southwestern Corporation for an estimated $250m.

Transok is an intra-state gas gathering and marketing company.

BP said it had received bids for the rest of Tex/Con, including its US onshore oil and gas production, and will be announcing another deal soon.

The total sale is expected to reach over $800m, a figure at the lower end of analysts' expectations.

The company decided to sell Tex/Con in April after several years of falling gas prices in the US following its failure to replace its oil and gas reserves.

The sale does not include any of BP's offshore exploration assets in the Gulf of Mexico, which are operated by BP Exploration.

Time Warner improves 2.8%

By Karen Zagor

TIME WARNER, the world's biggest entertainment conglomerate, yesterday reported a 2.8 per cent improvement in second-quarter operating income before interest, taxes, depreciation and amortisation (Ebitda).

Expenses related to the 1989 merger of Time Life and Warner Communications once again pushed the company into a net loss for the quarter. For the three months ended June 30, Time Warner had a net deficit of $32m, or $3.10 a share, against $51m, or $3.29, a year earlier. Revenues rose 10 per cent to $2.85bn from $2.59bn.

It recorded pre-tax income, for the first time since the merger, of $6m in the quarter, against a loss of $24m a year ago. Ebitda were $551m in the latest quarter, against $536m in 1990. The results were in line with analysts' projections.

The share price rose $⅛ to $83¾ at mid-session on the New York Stock Exchange.

The company hopes to reduce its $11bn debt burden through a $2.76bn stock rights offering. It revised its offering to give shareholders the right to buy 34.5m new shares at $80-a-share after an earlier one met with vociferous shareholder opposition.

Time's cable operations had the strongest quarter, with Ebitda of $220m, up 17 per cent. The company said the improvement was mainly due to an increase in basic subscribers and higher revenues from pay-per-view programming and cable advertising.

The US advertising slump was reflected in Time's publishing operations, where Ebitda fell to $79m from $102m the previous year in spite of higher magazine circulation revenues.

Time's music business also had a weaker quarter, with Ebitda down 7.2 per cent in the 1991 quarter to $116m from $125m a year earlier.

Second-quarter Ebitda from Time Warner's filmed entertainment division rose 13 per cent to $85m.

For the first half, Time Warner's net loss was $82m, or $6.48 a share, on revenues of $5.69bn, against $102m, or $6.54, on revenues of $5.33bn last year.

Total Ebitda was essentially flat, at $1.08bn in the first half of 1991 against $1.07bn the previous year.

US QUARTERLIES IN BRIEF

MANVILLE, the industrial group, yesterday reported second-quarter net income of $8.2m, or 3 cents a share, sharply down from $52.6m, or 41 cents, in the second quarter of 1990. Sales were $519.1m, against $529.7m.

In the first half, net income was $43.2m, or 29 cents a share, against $77.5m, or 58 cents. Sales for the six months were $987.1m, against last year's $1bn.

● Pitney Bowes, a leading supplier of mailing equipment and retail and office systems, announced net earnings of $67.7m, or $0.85 a share, a 12 per cent increase over $60.4m, or $0.76 a share, last year. Revenues were $804m, against $774.2m.

Net earnings for the first half were $135.3m, or $1.70, against $120.1m, or $1.51, on revenues of $1.6bn, up from $1.5bn a year ago.

● Hasbro, the world's largest toy manufacturer, posted a second-quarter net loss of $31.1m, or 55 cents a share, against net income of $8.7m, or 15 cents a share, for the same period a year ago.

The loss came as a result of a non-recurring pre-tax charge of $59m for costs related to restructuring Tonka's operations and integrating them after their acquisition by Hasbro in May.

Revenues were up 32 per cent at $368.5m.

For the half-year, the net loss was $10.7m, or 19 cents, against net income of $28.2m, or 48 cents, for the first half of 1990. Revenues were $675.1m, against $578.4m.

● American General, the US insurer, reported second-quarter net income of $126.4m, or $1.10 a share, against $198m, or $1.65.

Revenues were $1.68bn, down from $1.69bn a year ago.

For the first half, net income was $245.1m, or $2.11, against $305.1m, or $2.55. Revenues were $3.3bn, compared with $3.2bn.

● Interpublic Group of Companies, the world's third largest organisation of advertising agencies, announced second-quarter net earnings of $36.2m, or $1 a share, against $30.9m, or $0.92, for the same period a year ago. Gross income was $399.5m, compared with $342.4m.

For the six months ended June 30, net earnings were $44.1m, or $1.22, up from last year's $39.6m, or $1.18.

Gross income for the period was $753.3m, against $626.9m last time.

● Armco, the integrated steel-producer, reported a net loss of $28.5m, or 35 cents a share, on sales of $388.7m for the second quarter of this year.

At the half-way stage, Armco suffered a net loss of $68.1m, or 82 cents a share, on sales of $799.2m, compared with a net loss of $72.2m, or 86 cents, on sales of $903.1m for the same period a year ago.

The net loss for the first half of this year included $56.8m of equity losses attributable to ASC.

Compiled by Rivka Nachoma

Alcan Aluminium reduces dividend

ALCAN Aluminium is cutting its quarterly dividend rate from 28 cents a common share to 15 cents with the September payment, writes Robert Gibbens.

Alcan said it reduced the rate "in the light of the decline in earnings and the uncertain outlook for the future." It has 223m common shares outstanding and the cut will save $29m annually.

INTERNATIONAL CAPITAL MARKETS

Treasuries rally further as rate cut hopes revive

By Patrick Harverson in New York and Simon London in London

US BOND prices gained further ground yesterday morning on more evidence that the economic recovery may not be as robust as originally thought.

By midday, the benchmark 30-year Treasury issue was up ⅞ at 97⅛, to yield 8.378 per cent. The two-year note was also higher, up ⅛ at 100, carrying a yield of 6.858 per cent.

The spark for the opening rally was the Labour Department's announcement that initial claims for state unemployment insurance increased by 30,000 during the second week of July.

Analysts had forecast a much smaller rise in claims and, following Wednesday's unexpected fall in June durable goods orders, speculation has intensified that the economy may be experiencing a "double-dip" recession – where a brief recovery in activity is followed by a fresh deterioration in economic conditions.

Against this background, the strength in the market in the past two days has been a reflection of two sets of hopes: that a sluggish economy will not lead to a build-up of inflationary pressures; and that the Federal Reserve will cut interest rates again to prevent prolonged weakness in the economy.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.4837	+0.063	10.93	11.00	11.31
BELGIUM		10.000	08/00	102.8500	-0.250	9.51	9.44	9.39
CANADA *		9.750	12/01	99.2250	+0.400	9.87	9.87	10.08
DENMARK		9.000	11/00	97.3750	-0.200	9.42	9.28	9.28
FRANCE	BTAN	9.000	02/96	98.6961	-0.108	9.33	9.25	9.38
	OAT	9.500	01/01	101.8800	-0.010	9.18	9.14	9.27
GERMANY		8.375	05/01	97.9300	-0.140	8.68	8.57	8.35
ITALY		12.500	03/01	97.3900	-0.025	13.40	13.29	13.31
JAPAN	No 119	4.800	06/99	88.4398	-0.085	7.08	7.18	7.30
	No 129	6.400	03/00	98.4641	-0.135	6.68	6.74	6.85
NETHERLANDS		8.500	03/01	97.4200	-0.050	8.90	8.82	8.69
SPAIN		11.800	07/96	99.2500	-	12.08	11.94	11.97
UK GILTS		10.000	11/96	98.31	+03/32	10.26	10.25	10.51
		10.000	03/01	98.25	+05/32	10.21	10.18	10.60
		9.000	10/08	92.00	+04/32	9.96	9.90	10.26
US TREASURY *		8.000	05/01	98.23	+10/32	8.19	8.30	8.35
		8.125	05/21	97.06	+13/32	8.38	8.49	8.53

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

■ THE German government bond market returned to a dominantly gloomy mood yesterday, with Wednesday's modest gains quickly eroded as the market focused on the poor inflation outlook and the prospect of more supply.

On the London International Financial Futures Exchange, the September bund futures contract closed at 83.63, well down from an opening level of 83.88. Trading volume was active, totalling 38,000 contracts.

Analysts said the market was now firmly expecting a rise in interest rates when the Bundesbank council meets after its summer recess on August 15.

Moreover, sentiment was depressed by confirmation that there will be a new 10-year Unity Bond auction next week. The market is expecting an issue in the region of DM10bn to be auctioned next Tuesday.

■ JAPANESE government bond prices were stable overnight in Tokyo, with the market failing to extend Wednesday's gains despite anticipation of a further easing of money-market conditions.

The benchmark government bond issue No 129 closed the day on a yield of 6.68 per cent. On Wednesday, the 129 had closed at 6.675. In London trading, the benchmark yield moved out to 6.68 per cent.

The Bank of Japan did not inject further liquidity into the money market yesterday, despite a Y700bn drain through redemptions, following six days on which credit conditions had been eased. However, many analysts remain optimistic that easier money-market conditions will come.

Today the market will focus on July consumer price index figures for the Tokyo region. These are expected to show retail prices growing at a year-on-year rate of 3.5 per cent, unchanged on last month. Any indication that inflation is no longer rising will be taken as a sign of lower interest rates to come.

● The Ministry of Finance does not plan to exclude Japan's four leading brokerages from underwriting syndicates for Japanese government bonds, Reuter reports from Tokyo.

The MoF issues government bonds through competitive auction. It prefers to have an auction with many underwriters so that the government does not itself have to bear the burden of higher interest rates, an official said.

He said the department was reluctant to exclude the Big Four brokers from underwriting syndicates, because this would create a poorer environment for government bond issues.

■ ACTIVITY in the UK government bond market remained very light, with no new domestic economic indicators to drive activity and last week's £1bn issue of long-dated stock still overhanging the market.

On Liffe, the September gilt futures contract was virtually unchanged on the day at 91.26. Volume was very low at 9,000 contracts.

The benchmark 11¾ per cent gilt maturing 2003/2007 closed just $\frac{1}{16}$ of a point higher on the day at 110$\frac{1}{16}$, for a yield of 10.23 per cent.

Traders said that the £1bn tap issue of 9 per cent conversion stock maturing 2011 was still largely unplaced, with the outstanding stock trading well below the tap price. At the close, outstanding bonds were trading at 29$\frac{15}{16}$, against a partly-paid issue price of 30.

■ DUTCH government bonds surrendered mild gains to end slightly easier in line with German bund futures. Business, however, was lacklustre, Reuter reports from Amsterdam.

Continued worries about inflation and prospects for higher interest rates in Germany weighed on prices, brokers said.

The 8.50 per cent Dutch government bond due 2006 ended five cents lower at 97.05, its low for the day and off its midday peak of 97.20. Its yield rose one basis point to 8.86 per cent.

Syndicate ties up first Ecu-based buy-out

By Simon London

THE financing for first management buy-out to be denominated in Ecus, the composite currency of the European Community, has been completed by a syndicate of banks led by Kleinwort Benson and BHF Bank.

The management of MediMedia, which publishes medical journals and directories, is buying the company from Dun & Bradstreet for around Ecu60m ($70m). The 53 senior managers are participating in the deal, together contributing equity finance equivalent to about one-third of the purchase price.

Mezzanine, or subordinated, debt totalling Ecu11m has been provided by BHF Bank and the Kleinwort Benson European Mezzanine Fund. Senior debt of Ecu29m has come from Kleinwort Benson, BHF, AIB Capital Markets, NatWest Acquisition Finance, and Bank of Scotland.

Kleinwort Benson said the deal was over-subscribed during syndication. While finance denominated in European Currency Units is now readily available from international banks, most of which have inter-bank credit lines denominated in Ecu, this is believed to be the first Ecu financing for an MBO.

The transaction has been denominated in Ecu to match MediMedia's turnover, 70 per cent of which comes from European countries. By taking on Ecu debt, the company is partially hedged against adverse currency movements.

The company was acquired by Dun & Bradstreet in 1988 as part of the £1.65bn ($2.77bn) acquisition of IMS International, the market research group, then headed by Mr Robert Louis-Dreyfus, now chief executive of Saatchi & Saatchi, the troubled UK advertising group.

In 1990, Medimedia had a turnover of $111m. The company was started in Germany by Dr Martin Steinmeyer, chairman, but has since made 20 acquisitions in 20 years of operation. Many of the managers contributing equity to the buy-out had earlier sold their businesses to the company.

Italian building company in L49bn flotation

A TOTAL of L49bn will be raised by SCI when the Italian family-controlled building and construction company comes to the Milan stock market, AP-DJ reports from Milan.

Under terms of the operation, 16.38m SCI ordinary shares will be placed at L3,000 each. This is slightly more than 30 per cent of the company.

Of the total placement, 14m shares will be new ones issued directly by SCI, which is controlled by the Romanengo family of Genoa. The remaining 2.38m shares will be placed by SCI shareholders, tyre group Pirelli, and Gemina, the financial services company.

Following the operation, both Pirelli and Gemina will retain 2.3 per cent of SCI stock, against 6.3 per cent before the flotation.

Felice Vitali, managing director of Gemina, which is lead-managing the placement, said SCI's steady growth over the past few years and continued growth potential warranted a listing on the stock exchange.

"We have been working with SCI for several years, and they have taken the cultural step that is necessary for family-owned companies that want to compete on a larger scale," Mr Vitali said.

Vitali predicted SCI would emerge from 1991 with revenues of more than L300bn, against L259.8bn in 1990. Net profit in 1990 totalled L10bn.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on July 25

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102¼	+⅛	7.64
ALBERTA PROVINCE 9 3/8 95	600	103⅝	104	+⅛	8.31
AUSTRIA 8 1/2 00	400	98¼	99	+⅛	8.72
BANK OF TOKYO 8 3/8 96	100	98¾	99¼	+⅛	8.66
BELGIUM 9 1/8 92	400	102	102¼		7.21
BFCE 7 3/4 97	150	98⅛	98⅝	+⅛	8.16
BNP 8 5/8 94	300	101⅝	102		8.00
BP CAPITAL 9 5/8 93	150	102⅝	103⅛	+⅛	7.61
CANADA 9 96	1000	103¼	103⅝	+⅛	8.10
CARCO 9 1/4 96	650	100¾	101¼	+⅛	9.18
CCCE 9 1/4 95	300	103½	103⅞	+⅛	8.06
COUNCIL EUROPE 8 96	100	98¾	99¼	+⅛	8.31
CREDIT FONCIER 9 1/2 99	300	104⅛	104⅝	+⅛	8.72
DENMARK 0 98	250	55½	56	+⅛	8.74
DENMARK 8 1/4 94	150	101⅛	101⅝	+⅛	7.82
ECSC 8 1/4 96	193	100	100½	+⅛	8.23
EEC 7 1/4 93	250	99¾	100¼	+⅛	7.29
EIB 7 3/4 96	250	98⅝	99⅛	+⅛	8.09
EIB 9 1/4 97	1000	103⅛	103½	+⅛	8.57
ELEC DE FRANCE 9 98	200	102⅛	102⅝	+⅛	8.53
EUROFIMA 9 1/4 96	100	102⅜	102⅞	+⅛	8.58
EXPORT DEV CORP 9 1/2 98	150	104⅛	104½	+⅛	8.68
FINLAND 7 7/8 97	200	96⅝	97⅛	+⅛	8.65
FINNISH EXPORT 9 3/8 95	200	103½	103⅞	+⅛	8.34
FORD MOTOR CREDIT 9 1/2 93	300	102⅝	103		8.20
GEN ELEC CAPITAL 9 3/8 96	300	103⅝	104	+⅛	8.43
GMAC 9 3/8 96	200	100⅝	101⅛	+⅛	8.93
HALIFAX 9 1/2 93	200	102¾	103⅛		7.80
IBM WORLD TRADE 7 5/8 93	150	99¾	100½	+½	7.72
IND BK JAPAN FIN 7 7/8 97	200	96	96½	+⅛	8.78
INTER AMER DEV 7 5/8 96	200	96¾	97¼	+⅛	8.42
ITALY 8 1/2 94	1500	101¼	101⅝	+⅛	7.85
JAPAN DEV BK 8 94	150	100½	100⅞	+⅛	7.78
KANSAI ELEC PWR 10 96	350	104⅞	105¼	+⅛	8.70
LTCB 8 5/8 93	150	101¼	101⅝		7.81
NEW ZEALAND 8 93	100	100½	101⅛	+⅛	7.69
NIPPON CRED BK 9 3/4 93	150	103⅛	103⅝	+⅛	7.99
NIPPON TEL & TEL 9 3/8 95	200	103⅝	104⅛	+⅛	8.15
NORDIC INV BANK 9 93	200	102⅝	103		7.48
ONTARIO HYDRO 11 5/8 94	200	107⅞	108⅜	-⅛	8.24
OSTER KONTROLLBANK 8 1/8 93	200	101⅛	101½		7.33
PETRO-CANADA 7 1/4 96	200	95⅛	95⅝	+⅛	8.48
PRUDENTIAL RLTY SECS 0 99	365.216	50⅞	51⅜	-⅛	9.47
QUEBEC HYDRO 9 3/4 98	150	103⅜	103⅞	+⅛	9.08
QUEBEC PROV 9 98	200	99¾	100¼	+⅛	9.04
SAINSBURY 9 1/8 96	150	102⅛	102½	+⅛	8.59
SAS 10 99	200	99⅝	100⅛		10.10
SBAB 9 1/2 95	500	102⅞	103¼	-⅛	8.57
STATE BK STH AUST 9 1/4 93	100	101⅞	102½	-⅛	7.94
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅝	103⅛		8.05
SWEDEN 8 1/8 94	150	100⅝	101⅛	+⅛	7.88
SWEDISH EXPORT 9 5/8 93	100	103⅛	103⅝		7.41
TOKYO METROPOLIS 8 1/4 96	200	99⅝	100⅛	+⅛	8.32
WORLD BANK 8 3/8 99	1500	99⅛	99½	+⅛	8.66
WORLD BANK 8 3/4 97	1500	102⅛	102⅝	+⅛	8.41
XEROX CORPN 8 3/8 96	100	95¼	97⅛	-⅛	9.57

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94½	95½		9.34
KREDIETCORP 7 93 LFr	1000	95¾	96¾		9.31
WORLD BANK 8 96 LFr	1000	96½	97½		8.92
AMRO BANK 6 1/4 92 Fl	150	96¾	97¾		9.75
RABOBANK 5 3/4 93 Fl	150	94½	95¼		9.58
ALBERTA PROVINCE 10 92 C$	500	100¼	100⅝		9.70
BCE INC 9 5/8 93 C$	300	99¼	99⅝		10.14
BELL CANADA 10 5/8 99 C$	150	98¾	99⅜	+⅛	10.84
BRITISH COLUMBIA 9 1/4 93 C$	150	99	99½	+⅛	9.88
EIB 10 1/8 98 C$	130	98⅝	99⅛	-⅛	10.45
FORD CREDIT CANADA 10 94 C$	100	98¼	98¾	+⅛	10.69
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅝	101⅛	+⅛	9.88
MONTREAL TRUSTCO 8 1/2 92 C$	100	98¼	99¼	-⅛	10.85
ONTARIO HYDRO 10 7/8 99 C$	500	100⅝	100⅞	+⅛	10.75
QUEBEC PROV 10 1/2 98 C$	200	97¾	98¼	+⅛	10.91
ROYAL TRUSTCO 10 1/4 93 C$	100	99¼	99⅝		10.76
SWEDEN 9 3/4 93 C$	250	100¼	100¾	+⅛	9.54
BELGIUM 9 1/8 96 Ecu	1250	99½	99⅞		9.24
CNT 7 3/8 93 Ecu	250	95½	96½		10.05
CREDIT LYONNAIS 9 96 Ecu	125	96¼	98	-⅛	10.00
DENMARK 7 5/8 96 Ecu	250	91½	92½		9.94
EEC 7 5/8 94 Ecu	200	96⅛	96⅝		9.34
EIB 10 97 Ecu	1125	104	104½		9.03
ITALY 10 3/4 00 Ecu	1000	107¼	107¾		9.39
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅛	99½		9.21
BMW FINANCE 14 1/2 92 AS	100	101½	102¼	-⅛	12.02
COUNCIL EUROPE 13 93 AS	50	101½	102½		11.79
EKSPORTFINANS 12 3/8 95 AS	75	102⅞	103⅜		11.38
FORD CRED AUST 13 93 AS	50	100⅞	101⅜		12.34
ICI 15 1/2 92 AS	100	102⅞	103⅜	-⅛	11.77
MCDONALDS CANADA 15 95 AS	100	108⅞	109⅜		12.05
NAT AUSTRALIA BANK 14 3/4 94 AS	150	106	106½	+⅛	11.80
STATE BK NSW 14 1/4 99 AS	100	109⅛	109½		12.39
VOLKSWAGEN INTL 15 94 AS	100	107⅛	107⅝	+⅛	11.74
ABBEY NATL TREAS 13 3/8 95 £	100	106⅛	106½	+⅛	11.15
BARCLAYS JERSEY 9 1/2 93 £	250	97⅝	98	+⅛	10.95
BRITISH GAS 12 3/4 95 £	300	104⅞	105⅜	-⅛	10.96
DEUTSCHE BK FIN 11 94 £	225	100⅛	100⅝		10.69
EIB 10 97 £	386.5	97	97½		10.72
FORD CREDIT FUNDING 9 5/8 93 £	50	96⅝	97½	+⅛	11.75
INTER AMER DEV 11 3/8 95 £	75	101⅞	102⅜	-⅛	10.77
ITALY 10 1/2 14 £	400	94⅛	94½		11.21
LAND SECS 9 1/2 07 £	200	81½	82	+⅛	12.16
LEEDS PERMANENT 9 1/4 93 £	50	96⅝	97⅛	-⅛	11.34
NORWAY 10 1/2 94 £	200	99½	99⅞	+⅛	10.67
ROLLS-ROYCE 9 5/8 93 £	150	96⅞	97⅜		11.50
SAINSBURY 10 7/8 93 £	100	99½	100		11.16
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅛	105⅝	+⅛	11.25
WORLD BANK 11 1/4 95 £	100	101⅝	102⅛		10.68
ABBEY NATIONAL 0 96 NZ$	100	58⅝	59⅝		10.83
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104	105		10.89
AIDC 7 7/8 93 FFr	600	96	96½	-⅛	9.98
CREDIT LYONNAIS 10 95 FFr	3200	101	101⅜	+⅛	9.66
EURATOM 7 5/8 98 FFr	500	92	92¼		9.24

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	102	102½		10.48
BULGARIAN TRADE BK 8 1/2 96	200	80⅝	81¼	+⅛	14.14
DEUTSCHE BK FIN 5 5/8 96	750	89⅛	89⅝	-⅛	8.45
DEUTSCHE FINANCE 7 1/2 95	1000	97¼	97¾	-⅛	8.46
EIB 5 3/4 98	400	85⅜	85¾		8.64
EIB 6 7/8 95	300	94⅛	94⅝	+⅛	8.47
EUROFIMA 6 1/4 98	400	87⅝	87⅞	-⅛	8.69
FERRO DEL STAT 5 3/8 93	500	95¼	95⅝		8.92
IND BK JAPAN FIN 5 5/8 96	200	87¼	87⅝		8.89
IND DEV BK INDIA 6 3/8 94	200	86⅛	86⅝	-1	11.24
INTER AMER DEV 7 1/4 99	300	91	91½	-⅛	8.88
LUFTHANSA INT FIN 5 7/8 98	500	84⅛	84⅝	-⅛	8.98
NAT BK HUNGARY 8 96	200	90	90½	-⅛	10.54
QUEBEC HYDRO 6 3/4 99	300	88½	88⅞	-⅛	8.87
SWEDEN 6 1/8 98	300	87⅝	87⅞	-⅛	8.64
VENEZUELA 8 1/4 93	100	95⅛	95⅝	+⅛	10.51
WORLD BANK 0 15	2000	15⅛	15⅜	-⅛	7.87
WORLD BANK 5 3/4 96	300	88⅛	88⅝	-⅛	8.87
WORLD BANK 7 1/8 95	500	95⅜	95⅞	-½	8.52

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92½	93¼		6.70
AUSTRIA 4 5/8 98	100	88	89	-⅛	6.96
CHUJITSUYA 7 3/4 95	50	101¼	102¼	-½	7.38
COUNCIL EUROPE 4 3/4 98	250	89⅛	89½	-½	6.83
EEC 5 1/2 00	100	90⅞	91½	+⅛	6.87
EIB 5 3/4 93	100	97½	97¾	+⅛	6.97
ELEC DE FRANCE 7 1/4 06	100	103½	104½		6.85
FINLAND 5 3/8 95	150	96	96½	-⅛	6.47
GENERAL MOTORS 7 1/2 95	100	102	103		6.85
JAPAN DEV BK 5 1/2 94	100	97	98		6.81
NEW ZEALAND 4 7/8 99	200	88	88½		6.97
QUEBEC HYDRO 5 08	100	77	79		7.45
SKANDINAVISKA ENSK 6 1/2 95	100	99½	100½		6.65
WORLD BANK 5 03	150	85½	86	-½	6.80
WORLD BANK 7 01	600	102⅛	102⅝		6.69

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95⅛	95⅝		6.94
CANADA 4 3/8 92	80000	97⅝	97⅞		7.13
CREDIT FONCIER 5 1/4 94	20000	94½	95		7.11
DENMARK 7 95	40000	100¼	100⅝	+⅛	6.90
EIB 4 5/8 94	40000	94⅛	94⅝	+⅛	6.91
GENERAL ELECTRIC 5 3/4 93	35000	97⅞	98⅛		7.19
INTER AMER DEV 7 1/4 00	30000	102⅛	102½	+⅛	6.89
ITALY 5 3/4 92	150000	99⅛	99⅝	+⅛	6.83
KANSAI ELEC PWR 4 5/8 94	60000	94⅛	94⅝	+⅛	7.02
NIPPON TEL & TEL 5 7/8 96	50000	95⅝	96⅛	+⅛	6.84
NORWAY 5 1/8 95	50000	94⅛	94⅝	+⅛	6.89
SWEDEN 5 5/8 95	20000	95⅛	95⅝		6.93
WORLD BANK 6 3/4 00	50000	99½	99⅞		6.82

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.01	100.11	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.47	99.57	11.2050
BANCO ROMA 0.03 01	200	92.00	93.00	6.4675
BANCO SANTO SPIRITO 93	200	99.53	99.66	6.5000
BELGIUM 1/16 97 DM	500	99.98	100.08	9.1250
BFCE -0.02 96	350	99.95	100.05	6.1050
BNP 05	300	95.88	96.88	6.3125
BRITANNIA 1/10 96 £	150	99.04	99.24	11.2250
CCCE 06 ECU	200	99.84	99.94	9.5938
CITIZENS FED 0.15 96	100	99.35	99.80	7.0250
COMMERZBK O/S FIN 93	200	99.99	100.09	6.5625
DENMARK -1/8 96	1000	99.61	99.71	6.5938
DRESDNER FINANCE 1/32 98 DM	1000	99.99	100.10	9.2656
ELEC DE FRANCE 1/8 99	400	100.45	100.75	7.0000
FERRO DEL STAT 94	200	100.47	100.72	6.8750
HALIFAX 1/10 94 £	200	99.80	99.90	11.7250
ITALY 00	500	100.79	100.89	6.3750
MITSUI FIN ASIA 1/8 96	100	99.62	99.72	7.0000
MORGAN (JP) 1/4 97	250	98.50	99.25	6.2500
NAT WEST FIN 3/16 05	400	91.75	92.75	6.5000
NEW ZEALAND 93	500	99.87	99.97	6.5000
QUEBEC PROV 01	300	96.46	96.71	6.1250
RENFE 98	500	99.97	100.07	6.0625
SOCIETE GENERALE 96	300	99.21	99.31	6.3125
STATE BK VICTORIA 0.05 99	125	98.47	98.72	6.4875
UNITED KINGDOM -1/8 96	4000	100.00	100.03	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	116½	117½	+6.11
ASDA-MFI 4 3/4 02 £	100	1.64	117⅛	118⅛	
BURTON GROUP 4 3/4 01 £	110	3.15	116½	118⅛	
EASTMAN KODAK 6 3/8 01	300	50.67	95⅛	96⅛	+23.52
GOLD KALGOORLIE 7 1/2 00	65	1.0554	72⅝	73⅝	+40.20
GOODYEAR TIRE 6 7/8 03	150	80¼	75½	76¼	+66.57
GRACE (WR) 6 1/4 02	150	42⅛	91⅝	92⅛	+13.26
HANSON 9 1/2 06 £	500	2.5875	99⅛	99⅝	+19.30
HAWLEY 6 02 PREF	400	19.1	74⅝	78⅛	
HILLSDOWN 4 1/2 02 £	150	4.16	111⅛	112⅛	+95.05
INTL PAPER 5 3/4 02	200	68½	104⅝	105⅝	+5.39
LAND SECS 6 3/4 02 £	84	6.72	83⅝	84⅝	+10.40
MITSUBISHI BK 1 3/4 02	300	2727.1	102⅞	104½	+0.51
OGDEN 6 02	85	39.077	69	70	+42.85
PACIFIC DUNLOP 6 3/4 97	75	3.749	105⅞	106⅞	-0.06
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	82⅞	83⅞	
THORN EMI 5 3/4 04 £	103	7.45	114	115	+16.18

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

INTERNATIONAL CAPITAL MARKETS

Finns buy into swap deal with IADB and Ontario

By Tracy Corrigan

GOLDMAN Sachs completed the third leg of a back-to-back swap involving three borrowers in two currencies when Finnish Export Credit (FEK) brought a C$300m five-year deal.

FEK and the Inter-American Development Bank will exchange the proceeds of their issues, totalling C$450m, with the Province of Ontario, which launched a $390m five-year deal on Wednesday.

With swap arbitrage hard to find in both markets, the back-to-back swap arrangement allows borrowers an alternative route to cheaper funding. However, such funding is difficult to secure, as markets and borrowers have to fit precisely for the economics of the financings to work.

The deal benefited from firm demand for Canadian dollar securities and tightened slightly from its launch spread of 41 basis points above the comparable Canadian Treasury.

Meanwhile, the European Community has yet to choose between the five banks competing for a mandate to lead its next Ecu bond offering. The EC is expected to raise Ecu500m of 9¼ per cent bonds due 1998,

INTERNATIONAL BONDS

adding to an existing Ecu500m deal launched last February. The EC may waiting for better market conditions, as the Ecu sector has been weak for some time.

In the matador bond market, the European Coal and Steel Community launched a Pta15bn five-year deal in rather poor market conditions. The Spanish market has slipped following the breakdown of pay talks between the government and unions. This has caused investors to focus on the likelihood of interest rates remaining high to combat inflation, while economic convergence with other EC countries may slow.

In the DM sector, Barclays Overseas raised DM150m of three-year bonds via Dresdner Bank. The deal was quoted at 100.05 bid, just outside full fees.

● GE Capital, the US financial services company, has added new dealers to its short and medium-term funding programmes.

UBS Phillips & Drew and Credit Suisse First Boston have been added to its $3bn global medium-term note programme, established last year. Barclays de Zoete Wedd and Crédit Lyonnnais have become dealers on its Euro-commercial paper programme.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
ANZ Banking Grp.(b)‡†	150	(b)	100	1994	22.5bp	Merrill Lynch
Compagnie Bancaire(c)‡†	30	(c)	101⅞	1998	1⅞/1¼	Sumitomo Finance
CANADIAN DOLLARS						
Finnish Export Credit(a)†	300	10¼	101.30	1996	1⅞/1.6	Goldman Sachs
AUSTRALIAN DOLLARS						
GECC(a)†	100	11¼	101.45	1996	2/1½	Hambros Bk.
D-MARKS						
Barclays O'seas Cap.BV(a)†	150	9¼	101.35	1993	1¼/⅞	Dresdner Bk.
Marutomi Grp.(a)♦	70	5⅜	100	1995	2¼/1½	Nomura Bk. GmbH
SWISS FRANCS						
Bayerische Hypotheken(a)★★†	100	7⅛	102	1996	-	Swiss Volksbank
SBAB(a)†	100	6¾	101⅞	1996	-	UBS
Riken Vinyl Inds.(a)★★♦	80	4	100	1995	-	Yamaichi Bk. (Switz)
Ask Planning Center(d)★★§	80	4	100	1995	-	UBS
PESETAS						
Euro.Coal & Steel Comm.(e)†	15bn	11.35	101½	1996	1⅝	Bco.d'Credito Inds.

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 25bp over 3-month Libor. Non-callable. c) Callable, once only, at par after 3 years. Coupon pays 50bp over 6-month Libor for the first 3 years, then fixed at 9⅝% thereafter. d) Put option on 31/21/93 at 110% to yield 7.931%. e) Matador issue. Non-callable.

Milan calculates costs of new technology

Haig Simonian finds dealers still uncertain of the bourses' leap to continuous trading

WHATEVER the outcome of Italy's attempts to reform its securities markets and make up for years of delay, the summer of 1991 is likely to go down as the period of the greatest change for decades.

While the definitive rules for the new stockbroking-cum-fund management, called the Societa di Intermediazione Mobiliare (SIM), published earlier this month, mark the big-

ITALIAN SECURITIES REFORM

gest leap so far, the move to the screen-based trading of equities, due to start in September, represents a huge jump.

By replacing the traditional "rings", in which dealers set share prices at the bourse, with a screen-based trading system, Italy will catch up with what is already old hat in most other European financial centres.

When established, the system will open the door to "continuous" trading, allowing prices to be set throughout the day, rather than in one formal "fixing" during the bourse's brief morning session. Continuous trading will also link Italy's 10 stock exchanges into one national network and, in time, allow trading off the stock exchange floor.

Yet, despite the fact that trials have been under way for over a fortnight and official trading of at least a handful of shares is due to start in mid-September, the latest move towards reform still leaves more questions than answers.

No date has yet been set for the formal inauguration of screen-based trading, which is still being tested after the market officially closes for the day. Nor have there been any decisions on which shares will be traded, or how quickly the number of stocks traded electronically will be increased.

That means dealers are still only guessing at how matters will develop. Most expect trading to begin with between six and 10 shares. While the authorities will want to avoid the risk of opening with big blue chips in case of technical bugs, it is equally unlikely the new system will commence with illiquid stocks either.

Most brokers expect the number of shares to reach around 40 – representing about 85 per cent of stock market capitalisation – by March. Eventually, most of the some 200 shares on Milan's official market will be traded electronically. The confusion about Italy's electronic trading debut has its roots both in the tortured history of the venture and in the fact that the shift to screen-based trading is happening just as the entire framework for securities trading is being overhauled with the arrival of the SIMs.

Brokers' doubts are probably based on the fear that, when taken to their conclusion, screen-based systems usually spell the end of traditional floor-based business, as already seen in London and Paris.

Even under the new system, there is still no indication of when the key shift will be made from using terminals on the stock exchange floor to installing them in brokers' booths at the bourse. And when the more ominous extension to brokers' offices will take place is even less certain.

But whatever the background, the latest venture is a serious project, involving not just brokers but also the banks and commission houses, which will be the main participants in the new SIMs.

To ensure the involvement of all three groups, the brokers last year sold equal stakes in their data processing operation, Centro Elaborazioni Dati (CED) Borsa, to the banks and commission houses as a first step towards setting up the new scheme.

While CED Borsa will look after the technical side of screen-based trading, a new organisation, Generale Telematico di Borsa (GTB), established last year, will be responsible for policy and managing the new system.

Together, the two groups have defined technical parameters, installed much of the necessary hardware, and provided estimates for creating and operating the new network.

According to Mrs Maria Luisa Rampello Martinat, the director-general of CED Borsa, the rest is up to others – notably Consob, Italy's stock market watchdog. It is the regulators who must come up with a starting date for screen-based trading, decide which shares will be affected, and provide a formal rulebook for the new system, she argues.

Consob tends to toss the ball back into the stock market's court. While accepting it has formal supervisory responsibilities, it says it cannot set a starting date until CED Borsa and the GTB declare they are satisfied that the tests and training sessions are complete.

While the Milan trials appear to be going well, the regulators need to be satisfied that all Italy's stock exchanges are hooked up. At present, screen-based trading is only running between Milan and the Rome, Turin and Genova bourses, leaving the six smaller markets still unconnected.

While the banks and brokers are already grumbling about the uncertainty surrounding the new system, their main objection is the cost.

Electronic trading is certainly going to be appreciably dearer than the current method. Shares traded on-screen will attract a levy of L2,000 per order. Participants will also have to pay an annual link-up fee to the new system, as well as certain one-off costs at the outset.

According to one estimate, a medium-sized broker with seven screens, doing 100,000 deals and 1,000 block trades, which attract a higher charge, will pay out L806bn ($616.2m) a year, based on the assumption that only 75 per cent of orders are fulfilled.

Officials at CED Borsa are anxious to deflect such criticism, arguing that they are only passing on L7bn of the estimated L12bn annual costs of buying and operating the system, which works on Digital Equipment hardware, over the next five years.

Mrs Rampello Martinat says the charges have been set by a working group representing all those operating in the market. However, tariffs have been swollen by the requirement to pay off investment costs within five years. Although prices will be subject to annual reviews, there is no guarantee that they will fall once the investment is amortised, she warns.

It is the price structure and investment costs that have most worried the brokers, especially those with no obvious bank partner with which to set up a SIM. For while the presence of a few screens on the bourse floor will have little effect, many brokers see them as the thin end of a wedge which could eventually threaten their survival.

Not only will the new technology be a financial burden, especially for smaller firms not teaming with a rich partner, it could also lead to extinction, some brokers say.

For under the rules which are expected to apply to the new system, any stock traded on-screen will no longer be handled in the traditional rings after an initial transition period. That means brokers not investing in the new technology will gradually find themselves redundant.

Some bankers' still complain that new SIMs rules discriminate in favour of brokers by not obliging them to set up SIMs. But it may be that the move to screen-based trading will prove the most effective early filter as to who will survive in Italian equity trading.

This is the second of three articles on the subject.

SCREEN-BASED TRADING COSTS

Function	Cost Lm
Front office	100
Execution (order routing and matching)	267
Link with bourse mainframe	60
Obligatory reporting requirements to bourse, Bank of Italy and Consob	211
Settlement	157

** Figures based on a broker with seven terminals, executing 100,000 orders and 1,000 block trades a year.*

Venezuela's Euro ratings lifted

VENEZUELA's Eurobond ratings have been upgraded from B+ to Double-B by Standard and Poor's, reflecting the country's improving economic performance, writes Tracy Corrigan.

The change affects $1.4bn equivalent of Eurobonds: the Venezuelan government's $19.9bn of "Brady" bonds, issued as part of the country's debt reduction plan in 1990, are not rated.

Meanwhile, Venezuela will be returning to the international capital markets next week, with a $100m five-year Eurobond, arranged by Bankers Trust International. The deal will be priced to yield between 245 and 255 basis points more than the five-year US Treasury. Officially launched next week, it is being pre-placed with retail investors, and may be increased.

The upgrade "reflects the implementation since 1989 of a comprehensive economic adjustment programme and the debt reduction plan," Standard & Poor's said.

However, these achievements "remain vulnerable to political challenges to the ongoing reform programme and adverse developments in the world economy."

Turkey raises deposit rates

TURKISH banks have begun raising deposit interest rates after a wave of government-imposed cuts, Reuter reports from Ankara.

A dozen banks raised time-deposit rates between one and eight points this month, pushing the maximum one-year deposit rate to 71 per cent, against a present minimum of 61 per cent.

Tokyo exchange extends stock watch list

SHARE prices have faltered and heads have rolled in Tokyo from the recent financial scandals, but stock speculators have not quite abandoned the Tokyo stock market, writes Emiko Terazono in Tokyo.

The number of stocks on the Tokyo Stock Exchange watch list of shares – in which speculators are thought to have an interest – has continued to increase, rising to 12 from against the five in late 1989, at the peak of the last bull market.

The TSE's watch list system warns individual investors of irregular margin trading of shares. If margin sell/buy ratios exceed 60 per cent, or margin selling and buying rises beyond a certain ratio to the total outstanding shares, the stock is subject to a daily announcement of its shares bought and sold on margin.

This system is unique to Japan, and the TSE says it intends to tighten the grip on volatile stock movements by lowering the watch list limit for margin sell/buy ratio from 60 per cent to 50 per cent.

Price manipulation is easily done in Japan, as companies prefer to lock the bulk of shares in the hands of stable shareholders. The lack of floating shares allows room for speculators to create volatile price movements by buying or selling shares of companies with low capitalisations.

Speculators have not been deterred by the 5 per cent disclosure rule implemented last December, which obliges holders of stakes of 5 per cent or more in a listed company to file details of their investments.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday July 25 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Jul 24 Index No.	Tue Jul 23 Index No.	Mon Jul 22 Index No.	Year ago (approx) Index No.
1	**CAPITAL GOODS (183)**	830.78	-0.1	10.42	5.81	11.84	22.20	831.59	830.40	816.28	875.30
2	Building Materials (24)	1070.50	....	9.07	5.82	13.97	30.76	1070.44	1066.93	1039.81	1125.85
3	Contracting, Construction (31)	1162.08	+0.1	9.46	6.72	13.97	31.97	1160.65	1154.83	1142.79	1443.56
4	Electricals (10)	2442.94	-0.2	10.51	5.48	12.11	61.85	2448.66	2440.93	2381.15	2442.05
5	Electronics (25)	1679.86	....	8.99	5.35	14.79	46.44	1679.64	1691.35	1670.40	1784.64
6	Engineering-Aerospace (8)	419.19	+0.4	16.33	5.98	7.35	12.11	417.66	416.54	417.11	462.59
7	Engineering-General (45)	452.00	+0.2	12.10	5.65	10.12	11.82	450.95	450.19	444.04	492.83
8	Metals and Metal Forming (8)	435.92	-1.3	16.18	8.10	7.59	16.70	441.77	448.86	441.14	483.97
9	Motors (12)	323.41	-1.3	12.22	7.48	9.65	9.98	327.67	328.10	318.14	352.02
10	Other Industrial Materials (20)	1598.79	....	8.72	5.03	13.48	34.85	1598.87	1589.30	1563.03	1567.14
21	**CONSUMER GROUP (188)**	1513.82	-0.1	7.68	3.61	16.05	24.21	1515.85	1521.17	1502.68	1307.48
22	Brewers and Distillers (22)	1836.93	-0.2	8.38	3.61	14.56	27.57	1840.99	1848.32	1819.58	1624.46
25	Food Manufacturing (19)	1202.07	-0.2	9.55	4.12	12.93	24.43	1203.99	1199.35	1182.27	1096.89
26	Food Retailing (17)	2691.95	....	8.00	3.12	16.34	39.61	2690.89	2731.49	2732.84	2610.14
27	Health and Household (22)	3633.94	-0.6	5.24	2.37	21.82	30.86	3654.53	3669.89	3670.27	2558.27
29	Hotels and Leisure (24)	1276.74	+0.7	9.97	5.43	11.99	30.99	1267.82	1263.55	1234.18	1446.40
30	Media (26)	1435.40	-0.1	8.20	4.94	15.81	36.17	1436.61	1438.99	1409.58	0.00
31	Packaging, Paper & Printing (17)	746.00	+0.4	7.54	4.42	16.01	14.33	743.08	745.74	731.08	608.29
34	Stores (32)	971.49	+0.1	7.89	3.83	16.56	17.06	970.59	974.05	948.84	818.86
35	Textiles (9)	568.31	-0.1	8.82	5.45	14.08	13.79	569.02	569.09	558.75	493.06
40	**OTHER GROUPS (109)**	1259.33	+0.2	9.79	5.11	12.73	23.73	1256.43	1252.44	1240.02	1157.19
41	Business Services (12)	1307.87	-0.5	8.25	4.98	14.99	29.13	1314.39	1303.48	1285.26	0.00
42	Chemicals (21)	1413.68	+0.4	7.26	5.10	17.01	32.92	1407.66	1406.36	1400.46	1224.50
43	Conglomerates (10)	1473.04	-0.9	10.13	7.16	11.92	31.93	1486.03	1476.74	1458.53	1631.84
44	Transport (13)	2208.39	-0.2	8.56	4.82	14.47	48.98	2212.33	2192.27	2170.82	2358.64
45	Electricity (16)	1227.58	-0.2	14.07	5.29	9.08	18.41	1229.64	1220.70	1216.42	0.00
46	Telephone Networks(4)	1514.93	+1.8	9.79	4.02	13.36	5.58	1488.86	1489.17	1457.16	1180.17
47	Water(10)	2458.16	-1.3	16.62	6.26	6.66	118.37	2491.30	2461.61	2434.21	1996.53
48	Miscellaneous (23)	1984.31	-0.2	6.12	4.87	21.17	47.89	1988.93	1997.76	2007.85	1768.50
49	**INDUSTRIAL GROUP (480)**	1266.28	....	8.89	4.52	13.92	24.03	1266.38	1266.89	1251.23	1164.40
51	Oil & Gas (20)	2488.45	-0.1	10.90	5.50	12.07	50.59	2491.64	2509.42	2500.20	2390.98
59	**500 SHARE INDEX (500)**	1369.65	....	9.15	4.65	13.65	26.28	1369.97	1371.71	1356.31	1266.56
61	**FINANCIAL GROUP (94)**	796.58	-0.3	-	5.94	-	20.81	798.69	801.72	794.15	801.29
62	Banks (9)	910.27	-0.7	6.58	6.08	23.00	22.63	916.52	925.68	916.00	858.09
65	Insurance (Life) (7)	1518.58	+0.7	-	5.45	-	41.64	1508.03	1509.51	1490.76	1495.69
66	Insurance (Composite) (6)	650.98	+0.1	-	6.73	-	20.23	650.32	657.50	651.64	665.87
67	Insurance (Brokers) (8)	1156.81	-0.4	6.74	5.86	19.24	30.61	1161.50	1190.24	1185.47	956.66
68	Merchant Banks (7)	423.18	-0.6	-	4.95	-	11.00	425.77	425.46	424.11	437.76
69	Property (37)	924.88	-0.2	6.04	4.97	23.76	19.84	927.14	902.99	889.21	1096.99
70	Other Financial (20)	248.14	-0.2	11.55	7.27	10.83	7.80	248.56	250.70	254.64	288.85
71	Investment Trusts (70)	1218.01	-0.6	-	3.49	-	19.41	1225.65	1227.88	1214.01	1214.73
99	**ALL-SHARE INDEX (664)**	1231.23	-0.1	-	4.78	-	24.65	1232.11	1234.10	1220.52	1154.80

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 24	Jul 23	Jul 22	Jul 19	Jul 18	Year ago
FT-SE 100 SHARE INDEX‡	2579.6	-0.9	2579.6	2566.8	2580.5	2587.9	2558.5	2541.5	2547.3	2344.1

FIXED INTEREST

	PRICE INDICES	Thu Jul 25	Day's change %	Wed Jul 24	Accrued Interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	120.93	+0.04	120.88	1.68	6.99
2	5-15 years (27)	131.22	+0.07	131.13	2.16	7.77
3	Over 15 years (9)	138.92	+0.07	138.82	2.89	6.44
4	Irredeemables (6)	152.01	+0.18	151.74	2.21	7.34
5	All stocks (71)	130.24	+0.06	130.16	2.08	7.48
	Index-Linked					
6	Up to 5 years (1)	160.04	....	160.03	0.67	2.72
7	Over 5 years (10)	145.15	+0.09	145.02	0.50	2.76
8	All stocks (11)	146.14	+0.09	146.02	0.51	2.76
9	Debs & Loans (56)	109.92	-0.13	110.07	2.84	5.33

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jul 25	Wed Jul 24	Year ago (approx.)
	British Government				
1	Low	5 years	9.09	9.04	10.81
2	Coupons	15 years	9.90	9.91	10.81
3	(0%-7¾%)	20 years	9.90	9.91	10.81
4	Medium	5 years	10.26	10.27	12.08
5	Coupons	15 years	10.11	10.11	11.28
6	(8%-10¾%)	20 years	10.05	10.05	11.07
7	High	5 years	10.43	10.44	12.18
8	Coupons	15 years	10.23	10.24	11.52
9	(11%-)	20 years	10.13	10.14	11.32
10	Irredeemables	†	10.10	10.11	10.85
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.42	4.41	5.24
12	Inflation rate 5%	Over 5 yrs.	4.37	4.37	4.32
13	Inflation rate 10%	Up to 5 yrs.	3.45	3.44	4.09
14	Inflation rate 10%	Over 5 yrs.	4.17	4.17	4.13
15	Debs &	5 years	11.91	11.89	13.85
16	Loans	15 years	11.70	11.68	12.80
17		25 years	11.49	11.47	12.51

‡Opening index 2575.6; 9 am 2574.2; 10 am 2573.2; 11 am 2567.5; Noon 2568.1; 1 pm 2569.0; 2 pm 2571.9; 2.30 pm 2577.3; 3 pm 2575.5; 4.10 pm 2578.8; (a) 4.29pm (b) 10.51am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	58	4	21
Corporations, Dominion and Foreign Bonds	1	4	15
Industrials	212	313	991
Financial and Properties	85	168	486
Oils	14	20	56
Plantations	5	0	5
Mines	15	73	70
Others	39	58	55
Totals	429	640	1,699

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. e Earnings based on preliminary figures. n Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings	July 22
● Last Dealings	Aug. 2
● Last Declarations	Oct. 24
● For settlement	Nov. 4

For rate indications see end of London Share Service

Calls in Berisford Intl., Burton, Doctus, Natl. Home Loans, Rosehaugh, Trident Pet., Tuskar Res., Whitegate Leis. and Wilton. Puts in TV-am. Puts and calls in Misys and Premier Cons.

LONDON TRADED OPTIONS

[illegible]

July 25 Total Contracts 24,726
Calls 16,291 Puts 8,435
FT-SE Index Calls 2,594 Puts 5,056
Euro FT-SE Calls 576 Puts 1,254
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

UK COMPANY NEWS

Thorn EMI restructures further

THORN EMI yesterday took a further step towards its objective of restricting itself to a handful of businesses, including music, rentals and electronics with the sale of its software business to its management, writes Michael Skapinker.

Mr Colin Southgate, chairman, said it was difficult to combine Thorn EMI Software with the group's remaining businesses. He founded the company which eventually formed a large part of Thorn's software business.

The company, which has 1,950 employees, specialises in the integration of computer systems and in facilities management – running clients' computer systems on a day-to-day basis.

It made profits of £6.2m last year on turnover of £117m.

About a third of the business is in the defence and aerospace sector, with the reminder in manufacturing, retail and finance.

The £82m cost of the buy-out is being financed by CINVen, the venture capital group, and National Westminster Bank. Thorn will receive a total of £50m in cash and the assumption of debt by the new company.

Mr Southgate said that the debt component amounted to no more than a few million pounds. A further amount of £32m will be paid in the form of a zero coupon loan note which matures in four years.

The company is to be renamed Data Sciences.

Mr Mike Smith, chairman of Thorn EMI Software, who will head the new company said it would seek a stock market flotation "when market conditions are favourable".

Only the wanted and unsaleable remain

Michael Skapinker on the background to Thorn EMI's latest sale

AS THE founder of the business, Mr Colin Southgate still uses security card Number 1 when he visits the premises of Thorn EMI Software.

Yesterday, as group chairman of Thorn EMI, the music, rentals and technology group, he announced the sale of the company's software business to management and staff. "I'm pretty emotional about it," he said.

Mr Southgate has, however, never allowed emotion to get in the way of restructuring Thorn EMI, a process which has resulted in the sale of more than 60 businesses since 1985.

These have included Ferguson, the UK's last remaining television manufacturer, Inmos, one of the world's most innovative semiconductor makers and a large part of Thorn's lighting interests, which was the original business set up by Sir Jules Thorn, the group's immigrant founder, in 1928.

These companies were sold to foreign buyers, but in the case of the software business, Mr Southgate declared that "it's great that it stays British."

He said US, European and Far Eastern companies had declared an interest in buying parts of the business. A non-British buyer would, however, have had to run the company's UK defence contracts on an arm's length basis.

There was an approach from an unnamed British company, but it was not prepared to pay as much as the business's own management.

Colin Southgate: not allowing emotion to get in the way of the reorganisation of Thorn EMI

Mr Southgate says the business, which will be renamed Data Sciences, will be able to develop more easily as an independent company. It will be able to make acquisitions, something Thorn EMI found difficult because the high price/earnings ratios of software companies would have led to a dilution of group earnings.

Mr Southgate founded much of Thorn's software business in 1970, after leaving ICL, the UK computer manufacturer, now owned by Fujitsu of Japan. The company, then called Software Sciences, was sold to BOC, the industrial gases group, in 1980. BOC combined Software Sciences with Datasolve, its own software company, and sold the business to Thorn EMI in 1982.

The group is now left with some businesses to which it is strongly committed and others it cannot sell. In the former category are music, the HMV record retailing chain, rentals and security. The latter include Rumbelows, the electrical goods retailer, for which Mr Southgate cannot find a buyer, light fittings and defence electronics.

Although Thorn has attempted to sell the last two, Mr Southgate says it is unlikely that anyone will pay what the group thinks they are worth.

There are some useful links between the electronics and security businesses, he says. But it is difficult to combine software with security and electronics, even though a third of Thorn's software business comes from the defence and aerospace industries. Software for Thorn's security systems tends to be embedded in the products and is designed by employees of the security business.

Co-operation between Thorn EMI's software and defence businesses was also limited. The software company advises the Ministry of Defence on the setting up and management of contracts, for which Thorn's defence company is a frequent bidder. For this reason, they often had to operate separately.

Thorn EMI Software did occasionally combine with other parts of the group to bid for contracts, but Mr Southgate says it can continue to do so as an independent company, particularly as Thorn EMI will retain a 20 per cent stake.

Mr Mike Smith, chairman of Thorn EMI Software, who will head the new company, says he wants to increase sales to non-UK customers from 25 per cent to more than 50 per cent within three years. The new company has subsidiaries in the Netherlands and Germany and exports to more than 30 countries.

NEWS DIGEST

Sid Banks advances to over £2.2m

WITH non-agricultural activities showing an increased contribution, Sidney C Banks lifted its pre-tax profit from £2.16m to £2.21m in the year ended April 30 1991.

The group, grain and agricultural merchants and motor vehicle repairers, increased its turnover from £143.8m to £195.2m.

Earnings per share were 20.2p (20.1p). The final dividend is 5.5p, for an unchanged total of 8p.

SD-Scicon continues to resist EDS offer

Following the announcement yesterday by Electronic Data Systems that it had only received acceptances for 2.4 per cent in respect of its offer for SD-Scicon ordinary, Mr John Jackson, SD-Scicon's chairman, said: "Our shareholders are continuing to ignore the EDS bid. It is far too low."

"We will be posting a circular this weekend, which will include our profit forecast for the full year. The information it contains will provide the final nail in the coffin of this bid," he added.

As a result of purchases since commencement of the offers on June 19, EDS owns 49.97m (24.74 per cent) SD-Scicon ordinary shares, 7.35m (25.57 per cent) preference and 3.31m (23.02 per cent) deferred. In total EDS speaks for 27.17 per cent of the ordinary.

The offers have been extended and will remain open for acceptance until August 7.

Derby Trust net asset value at 407p

Net asset value per capital share at Derby Trust improved from 340p to 407p over the six months to June 30. However it was still lower than the 415p a year earlier.

Earnings per income share rose to 8.3429p (7.8484p) at the end of June.

Babcock Intl makes £4.4m SA purchase

Babcock International, the engineering contractor and manufacturer, has acquired the operating business and properties of Foster Wheeler South Africa, for R21m, or £4.35m.

Foster Wheeler provides project management, engineering and construction management services to the petroleum, chemicals and industrial sectors, and has an annual turnover of R200m.

Babcock indicated its intention to spend up to £50m on acquisitions after reporting a rise of nearly 10 per cent in pre-tax profits to £46.66m.

Scottish American IT asset recovery

Net asset value at Scottish American Investment Company had recovered by June 30 to 131.6p.

That compared with 113.1p six months earlier and with 130.7p at end-June 1990.

In the six months gross income fell to £7.75m (£8.19m) and earnings were down to 1.66p (1.86p) per share. A second interim dividend of 1.02p, to make 2.02p so far, has already been declared.

St Andrew Trust net asset value up 16%

Over the six months to June 30 1991 the net asset value at St Andrew Trust has risen 16.4 per cent, from 204.2p to 237.7p.

At June 30 1990 net asset value was 264.5p.

In the half-year gross income came to £1.84m (£1.87m) and net revenue to £1.05m (£1.09m). Earnings emerged at 3.03p (3.15p) per share and the interim dividend is lifted to 2.7p (2.5p).

Fleming Fledgling assets increase

All sectors of the portfolio at Fleming Fledgling Investment Trust have recovered satisfactorily, and its net asset value per share at June 30 stood at 254.7p.

That compared with 189.9p at the end of the previous six months, and with 267p on June 30 1990.

In the half year to end-June gross income totalled £593,000 (£663,000), while earnings per share worked through at 1.21p (1.48p). The interim dividend is again 1p.

Holders offsets sales reduction

By paying attention to costs, minimising working capital and safeguarding potential exposure to volatile exchange rates, Holders Technology lifted pre-tax profit from £175,000 to £181,000 in the half-year to May 31.

Those moves offset a significant reduction in sales, from £2.08m to £1.53m, and the pressure of reduced gross margins. The group distributes equipment used in printed circuit boards.

The interim dividend is held at 2p from earnings of 3.84p (3.67p) per share.

Burton appoints BAT man to board

Burton Group, the retailing company which owns a host of clothing shops and the Debenhams department store chain, has strengthened its board through the appointment of Mr Brian Garraway as a non-executive director.

Earlier this month, the board came in for strong criticism at the extraordinary general meeting called to approve the £161m rights issue needed to bolster the balance sheet.

Mr Garraway, who is deputy chairman of BAT Industries, was once in charge of BAT's retailing interests, including Argos, Saks Fifth Avenue and Marshall Field.

Emap has 14.3% of Metal Bulletin

Emap, the magazine and newspaper publishing company, has increased its stake in Metal Bulletin, the USM-quoted publisher of trade journals, directories and books, to 1.32m shares (14.3 per cent) through the purchase of a further 107,500 shares at 170p each.

In the absence of a third party offer or a recommendation from the board of Metal Bulletin, Emap said it had no present intention of making an offer to acquire all the ordinary shares.

Newly acquired Tace falls to below £1m

Tace, the environmental control equipment company acquired on July 19 by Cambridge Electronic Industries after a three-way bid battle, suffered a fall in pre-tax profits from £1.72m to £938,000 in the six months to March 31.

CEI's increased 306p-per-share bid, which valued the company at £28.3m, was recommended by the new board imposed by institutional shareholders, notably Norwich Union.

Earnings per share of 5.75p were turned into losses of 1.91p and the interim dividend is passed (3.25p).

Lloyds Merchant Bank falls £1.6m

Pre-tax profits of Lloyds Merchant Bank were £3.7m in the six months to end-June, down £1.6m from £5.3m in the comparable period.

David Smith dips 10% to £24m

By John Thornhill

DAVID S SMITH, the paper and packaging group, saw pre-tax profits fall by 10 per cent, from £26.4m to £23.9m, as the recession gnawed at margins.

Sales in the year to April 30 declined marginally to £363.4m (£363.7m) but operating profits fell 7 per cent to £31.3m as prices came under pressure, particularly on the commodity paper side of the business.

In April the group raised £50.7m by a rights issue to fund the further expansion of its Kemsley paper mill in Kent. The development had reached the half way point and was set to be completed by mid-1993.

The group originally envisaged annual capacity of 350,000 tons of paper from Kemsley, but had raised its forecast to about 425,000 tons.

Packaging interests, which accounted for about half of group turnover, were said to have held up well. The group would be looking to expand its activities in this area through acquisition, possibly in mainland Europe.

An exceptional cost of £1.37m (£1.49m) was the result of reorganisation.

Earnings per share fell from 28.6p to 24.8p. The final dividend is 6.75p bringing the total pay-out to 9.5p (9.25p).

Mr John Miller, formerly of Reedpack, had been appointed finance director.

● COMMENT

David Smith's profits came in marginally ahead of the forecast made at the time of the rights issue and the shares yesterday climbed 4p to 343p. The rights has secured the group's financial base, enabling it to fund the Kemsley expansion with ease and allowing it to dream about expansion by acquisition further out. There is as yet no indication of any easing of the competitive pressures nor of any improvement in trading conditions, but the group will be very well-placed to benefit when the upturn does eventually arrive. With a favourable economic breeze in the second half, pre-tax profits may rise this year to over £30m which would put the shares on a prospective multiple of 14. That seems fully valued at present although Smith's attractions should become manifestly apparent as Kemsley nears completion.

Doctus shares fall as bank talks continue

By Jane Fuller

SHARES in Doctus, the marketing and management consultancy group, fell to a new low of 22p yesterday, down 8p, as talks continued with bankers and financial advisers about funding arrangements.

Mr Alan Greenough, chief executive since May when he replaced chairman Mr Brian Blake said the group was in the final stages of negotiations to sell two major subsidiaries.

This would help cut borrowings, which had risen from £25m in the spring.

In addition to the disposal of Wallace Group, a marketing subsidiary that came in with Prospective, Mr Greenough said another business was being sold. "If the deals go through, it will represent a fundamental change," hence the discussions about the group's future.

Marketing accounted for 60 per cent of operating profit last year.

Doctus is releasing its results for the six months to March 31 today, eight weeks later than last year's announcement. It issued a profit warning in April, when Mr Blake said the interim figure would be "quite a bit below" last year's £4.1m.

The share price fall took the level to less than a sixth of last year's high of 138p.

Enlarged Excalibur rises 3%

By Maggie Urry

EXCALIBUR, the jewellery, merchandising and engineering group, reported a 3 per cent rise in pre-tax profits, from £4m to £4.14m, in the year to April 30, after exceptional charges of £878,000.

The group, which has an acquisitive reputation, gained nothing from four purchases made since its £8.5m rights issue last November. The cash has been spent, but three of the companies bought were loss-making, two coming from receivers.

Mr Michael Griffiths, chairman, said the figures stood up well in a difficult trading period. Gross margins had weakened slightly but operating costs had fallen as a percentage of sales from 21 per cent to 19.5 per cent. The shares rose 2p to 46p yesterday.

Before exceptionals, profits were 25 per cent ahead at £5.02m. Turnover was 13 per cent higher at £60.7m (£53.8m) and operating profits were 21 per cent up to £7.17m (£5.93m). Net interest charges were up from £1.92m to £2.16m.

Earnings per share were down 13 per cent at 6.2p (7.1p) affected by the rights issue. A final dividend of 1.4p gives a total of 1.8p (1.35p).

Mr Richard Griffiths, managing director, said £416,000 of the exceptional cost was taken in the industrial division, the other £462,000 was in the jewellery business. There was an extraordinary debit of £1.46m, about a third of which represented costs arising from two abortive merger attempts.

● COMMENT

Even Excalibur's strategy of buying assets on the cheap and turning round loss-makers fast cannot keep profits racing ahead in a recession. But the figures seem to have been prepared on a prudent basis, while sales forecasts have also taken account of poor demand in many of the group's areas with costs cut accordingly. A wide spread of customers ought to preclude another Massey-Ferguson problem while a determination to hold margins rather than going for market share in jewellery should be beneficial in the longer term. On pre-tax forecasts of £4.5m-£4.8m, the prospective p/e is around 7.7-8. Not demanding but unlikely to inspire in the short term.

Sutherland makes a meaty £3m

By Jane Fuller

A TURNROUND in its meat activities was the main ingredient in the recovery at Sutherland Holdings in the year to April 27. Previous losses of £500,000 were induced partly by high pork and beef prices, but this time the USM-quoted food company came back with £3.02m before tax.

Turnover rose to £97.8m (£91.9m), although after Christmas the food service side was hit by reduced air travel during the Gulf War. Recession hit sales to catering customers.

The meat group accounted for about 40 per cent of the £4.68m (£754,000) operating profit. Mr Chris Ball, chief executive, said Baron Meats enjoyed more stable raw material prices, had concentrated on higher margin business and cut costs after investment in new technology.

In convenience foods, a new factory for Derbyshire Chilled Foods, the sandwich subsidiary, moved into profit. ET Sutherland, which had started ready meals the previous year, also breached the break-even point and shed a loss-making canning operation.

Interest charges rose to £1.66m (£1.25m) and year-end net debt stood at £6.5m, with gearing of 57 per cent. Mr Ball said the level had been higher for most of the year after deferred acquisition payments. This year it was expected to fall.

Earnings per share were 3.93p (loss of 0.53p). An increased final dividend of 0.9p makes a total of 1.8p (1.5p).

ICL expands in continental Europe

By Michael Skapinker

ICL, the UK-based computer company, has bought a 50 per cent share in the European computer service operation of Bell Atlantic, the US telephone company.

ICL, which is owned by Fujitsu of Japan, would not say how much it was paying for the stake but said the purchase would strengthen its continental European operations and allow it to service computers provided by other manufacturers.

The purchase follows ICL's acquisition last May of Nokia Data, the information systems arm of Nokia of Finland.

The jointly-held company, Bell Atlantic Customer Services International, has a turnover of £50m, with about 40 per cent of sales coming from the UK and the rest from continental Europe.

The company, which has 950 employees, will have its headquarters in London.

Mr John Proctor, ICL's director of services, said the purchase was part of the group's recognition that services and software had become a more attractive business than computer manufacturing.

Mr Proctor said that European computer hardware sales were growing by 6 per cent a year, compared to 17 per cent in software and services.

Half of ICL's £1.6bn sales last year came from software and services.

Customers were increasingly buying computers that were able to communicate with one another and were looking for service providers which could deal with hardware from a range of vendors, he added.

The joint company will be headed by Mr Tom Vassiliades, chief executive officer of Bell Atlantic Business Systems.

Mr Vassiliades said Bell Atlantic would benefit from ICL's infrastructure and reputation in Europe.

ICL operates in 18 European countries.

Trafalgar House must reassure DTI on piling after Davy buy

By Andrew Bolger

TRAFALGAR HOUSE, the construction, property and shipping group, has been asked to allay government concerns over the effect of its £114m takeover of Davy Corporation, the engineering contractor, on the UK market for large diameter bored piling.

The Department of Trade and Industry said the whole bid could be referred to the Monopolies and Mergers Commission unless Trafalgar House promised to divest parts of the merged business which have given rise to competition concerns.

However, the small scale of the piling businesses in relation to the overall takeover makes it certain that this development will pose no threat to the offer for Davy, which Trafalgar House stressed yesterday remained unconditional. On Monday Trafalgar House said it already had acceptances for 63.88 per cent of the Davy shares.

The DTI said questions of competition arose because a Trafalgar House subsidiary, Cementation Piling and Foundations, was leader in the market for large diameter bored piling, which was also served by a Davy company, Expanded Piling.

Trafalgar House said Expanded Piling's annual turnover of £15m was less than 1 per cent of Davy's turnover. It had already informed the Office of Fair Trading that the acquisition of Davy would give it a 20 per cent share of the UK market for this particular type of piling. A decision on what undertakings the group should offer would be made by August 1.

Sir Eric Parker, chairman of Trafalgar House, has taken over as chairman of Davy from Sir Alistair Frame. Mr Patrick McTighe will continue as Davy's chief executive. The new deputy chairman is Mr Allan Gormly, managing director of John Brown, Trafalgar House's engineering subsidiary.

Newspaper interest referred

By Maggie Urry

THE VARIOUS approaches to acquire Southern Newspapers, the south of England regional newspaper publisher, have been referred to the Monopolies and Mergers Commission as expected.

Mr Peter Lilley, Secretary of State for Trade and Industry, has given the MMC three months to report, not two, as some had thought likely.

In all five potential buyers were named in the referral notice: Trinity International Holdings, publisher of the Liverpool Daily Post and Echo papers; Pearson, which owns the Westminster Press regional paper group and publishes the Financial Times; EMAP, the publishing, printing, exhibitions group; Reed International, the publishing group; and Thomson Corporation, the Canadian-based publishing and travel company which owns Thomson Regional Newspapers in the UK.

However, after the announcement Thomson said that although it had submitted an application to the Secretary of State, after further evaluation it decided not to pursue the acquisition. Southern said it had only heard from Thomson earlier this week.

Under the Fair Trading Act, the Secretary of State has to consent to the transfer of newspaper titles if the change would give the new proprietor paid-for circulation of over 500,000 copies a day.

Smiths Inds pays £5.2m to secure Japanese hold

By Steven Butler in Tokyo

SMITHS INDUSTRIES, the UK medical equipment and avionics group, has acquired sizable stakes and board representation in two Japanese medical equipment distribution companies.

Mr George Kennedy, chairman of Smiths Industries Medical Systems, said he expected the deals would boost sales of medical equipment in Japan – which is already Smiths' largest market.

Smiths sold about £120m of medical equipment world-wide last year.

Establishing an effective distribution network is for most companies one of the biggest obstacles to building a large market share in Japan.

Smiths has purchased a 24.5 per cent share of Japan Medico for £3.2m, and 30 per cent of Med Nova for £2m.

Japan Medico achieves most of its sales through the distribution of single-use medical devices made by Portex, which is owned by Smiths Industries Medical Systems.

Mr Kennedy said the sale of single-use equipment was expected to increase in Japan, as it had elsewhere in the world, in response to concern about the spread of the Aids virus. Smiths sales in Japan have grown by about 12 per cent annually in recent years.

Med Nova is a subsidiary of Japan Medico and markets other Smiths medical equipment.

Smiths purchased the Medico stake from Kuraray, a Japanese chemical company, which retains a 50 per cent holding.

● Smiths announced earlier this week an initial $5m investment in Sentinel Monitoring, a US medical equipment maker.

Wimpey ends Highland Fabricators link

By Andrew Taylor

Wimpey, the construction group hit hard by the recession in the British housing market, has severed its links with the off-shore oil and gas fabrication industry by selling its 50 per cent holding in Highland Fabricators.

Brown & Root, Wimpey's partner at Highland, is understood to have paid £5m-£6m to take full control.

Highland, which has a large yard in Ross, Scotland, has an order book which will keep it busy until the middle of next year.

Last month Wimpey, which needs money to reduce its borrowings and to replenish its housing land bank, announced the sale of SLP Engineering, a wholly-owned offshore fabricator, to Odebrecht, the Brazilian construction and engineering group, for about £10m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Albrighton § ......fin	nil	-	5	nil	7
Banks (Sidney) ......fin	5.5	-	5.5	8	8
Douglas (RobM) ......fin	7.5	Sept 30	7.5	10.5	10.5
Excalibur ......fin	1.4†	Oct 21	1.1	1.8	1.35
Fleming Fledge ......int	1	Sept 6	1	-	3.5
Hill & Smith ......int	2.1	Sept 27	1.77*	-	5.18*
ICI ......int	*21*	*Oct 7*	*21*	-	*55*
Misys ......fin	3.51†	Oct 7	3.12	5.67	5.28
MITIE ......fin	1	Oct 3	1	2	1
Owners Abroad ......int	0.9075†	Nov 1	0.825	-	2.9
Savills ......fin	nil	-	2.625	nil	3.75
SEP Industrial §......int	nil	-	0.44	-	1.04
Smith (David) ......fin	6.75†	Oct 1	6.5	9.5	9.25
Throgmorton Tst ......int	*0.9*	-	*0.9*	-	2.15
Yeoman Invest ......int	5.5	-	5.5	-	13.6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

Hanson buys Volex offshoot

Volex Group, the manufacturer of wiring systems and electrical accessories, is selling its Volex Accessories division to a Hanson offshoot for £8.8m, made up of £6.05m cash and the assumption of £2.75m of debt.

The division has incurred pre-tax losses in the past two years to the end of March of £1.6m and £600,000 on turnover of £22.4m and £19.6m. At March 31 1991 attributable assets employed were £10.3m.

The sale will reduce Volex's net assets by £1.8m and leave it with net cash resources.

UK COMPANY NEWS

Taxable first half result of £507m exceeds analysts' most optimistic forecasts by £40m

Static second quarter limits ICI decline to 31%

By Robert Peston

IMPERIAL CHEMICAL Industries yesterday announced pre-tax profits in the six months to June 30 of £507m, a fall of 31 per cent from the £733m of the comparable period last year.

However in the second quarter, profits of the UK's biggest chemical company were £309m, a decline of just 3 per cent on the previous £319m.

The result for the half was £40m better than the most optimistic of brokers' forecasts. ICI is maintaining its dividend at 21p.

Sir Denys Henderson, chairman, forecast that the group's profits would be improved by £400m a year as a result of the actions the group is taking to cut costs and dispose of loss-making businesses.

This restructuring should be completed within the next two years, he said.

ICI's pre-tax profits have now been on a rising trend since the end of last year. In the final quarter of 1990, it made just £84m before tax.

In the half year, turnover fell 7 per cent to £6.37bn. Sir Denys said that the volume of sales fell 6 per cent and currency movements accounted for a further 7 per cent decline.

However this was counterbalanced in part by the combined effects of higher local selling prices and acquisitions.

In February, ICI regrouped its operations into seven divisions.

Yesterday was the first time it had provided information on the profitability of these divisions.

On a quarterly basis, strong growth was shown by pharmaceuticals, which generated record trading profits of £145m, a rise of 39 per cent. Sir Denys said that sales of three newer drugs had been particularly good.

These were Zestril, a heart drug, Diprivan, an anaesthetic and Zoladex, a cancer treatment.

The materials division, which makes advanced plastics and acrylics, recovered to profits of £17m from the £72m losses it had made in the previous nine months.

However, its profits were 11 per cent lower than in the second quarter of last year. This division is a focus of the reorganisation programme.

ICI is likely to pull out of most of its advanced materials businesses, which supply the automotive and aerospace industries.

There was also a strong recovery in agrochemicals and seeds, which had been in loss in the second half of last year. It made trading profits of £87m in the second quarter, 13 per cent up on last year. Sir Denys said the division benefited from good cost control and the resumption of sales to the Soviet Union.

Another beneficiary of cost-cutting was the paints division, where quarterly profits were £38m, a rise of 15 per cent, on sales which were 5 per cent lower.

Specialities' profits fell 34 per cent to £22m. Sir Denys blamed the recession for a fall in demand for dyes and surfactants, a constituent of detergents. Profits of the explosives division rose 40 per cent to £14m.

The biggest division, measured by turnover, is industrial chemicals, making petrochemical products and inorganic chemicals. Sales and margins were squeezed.

However, it reported a 5 per cent rise in sales to £884m and trading profits 36 per cent higher at £60m. These figures were flattered by the inclusion of results from Tioxide, the pigment manufacturer, which became a wholly owned subsidiary in December last year.

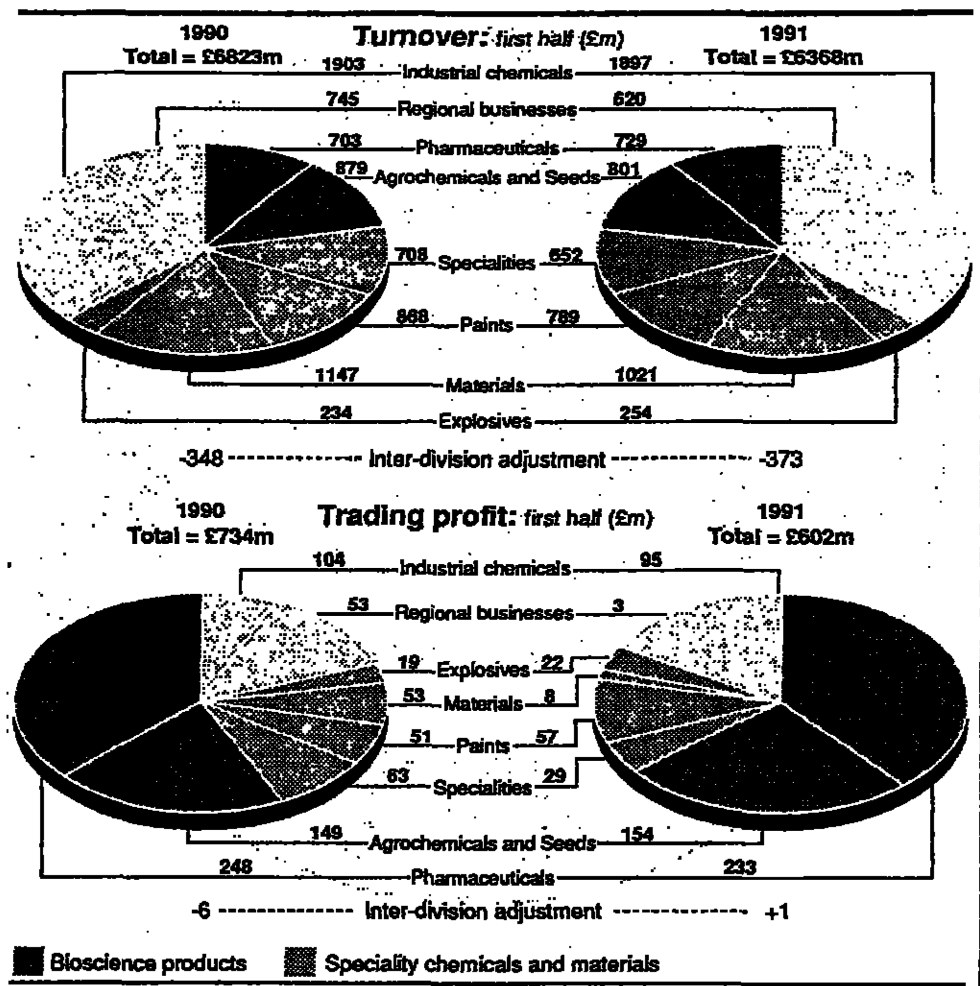
There was a £9m loss from the handful of businesses which are still managed on a regional basis, outside the seven divisions.

ICI blamed economic conditions in Australia for the decline from a £7m profit last year.

The group tax charge in the six months was £176m (£249m), which is equivalent to 34.7 per cent of profits.

Sir Denys said that ICI's reorganisation would help it to "mitigate the effects of the recession".

He did not expect any recovery in world economic growth before the end of the year and it would "probably be sluggish when it comes".



Robert Douglas restricts profit downturn to 11%

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Robert M Douglas, the Midlands-based building group, fell by 11 per cent, from £12.4m to £11.1m, during the 12 months to the end of March.

This was despite a 4 per cent increase in turnover from £326m to £339m.

However, earnings per share rose from 47.9p to 51.8p, reflecting a lower tax charge of 27 (40) per cent following losses on the closure of Rapid Metal in the US and lower profits in Australia.

The dividend is again 10.5p, with a final of 7.5p.

Mr John Douglas, chairman, said the group's performance had been encouraging during one of the worst recessions for many years for the construction industry. He warned, however, that trading conditions were likely to be more difficult in the current year.

The group currently had net cash of £6m, and with nil gearing was well placed to ride out a fall in demand.

At the end of March the order book was worth £100m, compared with £156m the previous year and more than £200m two year ago. Mr Douglas said that last year the construction division made record profits as some of the large orders won during the late 1980s were completed.

Profits for construction equipment, mainly formwork used in foundations for building and civil engineering projects, fell sharply. Building material profits, aggregates and concrete, also dropped.

The small, but growing, housing operation increased its profits.

● COMMENT

The lack of exposure to residential and commercial property markets, and a low level of debt, have bolstered Douglas against the worst effects of the recession. The rise in the group's share price from 380p to 390p reflects the market's reaction to a creditable profits performance given very difficult trading conditions. Unfortunately, there is no sign of any let-up and margins are likely to come under increased pressure as contractors compete to win work in a limited market. As a result profits could slip further to £8.5m. The shares at this level look fairly priced given that the group will not take as much benefit as some companies when the house sales start to recover.

Restructuring planned for Sturge Holdings agencies

By Richard Lapper

STURGE Holdings, the biggest agency group on the Lloyd's insurance market, yesterday announced a restructuring designed to increase management control and generate economies of scale.

The reforms involve the regrouping of the 21 syndicates – or groups of names – managed by Sturge into five agencies.

These agencies will be organised by line of business – aviation, marine, non-marine, motor and reinsurance.

Sturge has acquired a number of agency groups since its flotation in 1985.

Hitherto these have traded under their original names. Sturge acquired complete control over one of these groups, Oxford managing agency, earlier this year.

According to chief executive, Mr Terry Heyday, the changes will help contain costs, improve the overall level of efficiency of the organisation and enhance the level of support to underwriters."

The reorganisation will allow Sturge to centralise support services such as financial services, management information, data processing and marketing.

The changes are part of a wider rationalisation among agency groups at Lloyd's.

Boots first quarter sales rise by 2.9%

Sales of Boots, the retailing and pharmaceuticals group, rose by 2.9 per cent in the first quarter of the current year in spite of the harshest retailing conditions for many years, writes John Thornhill.

Sir Christopher Benson, *chairman, told shareholders* that

the group's retail division lifted sales by 3.9 per cent although Halfords, the car parts specialist suffered from the severe drop in the car market. The chemists division saw growth of 1.3 per cent although this year's figures did not include the Easter trading period.

Misys profit halved as business declines

By Andrew Bolger

CONTINUING low levels of business activity were blamed by Misys, the computer systems and services group, for a slump in pre-tax profits from £11.1m to £5.6m in the year to May 31.

However, the company said cuts to its costs in the first half, involving the loss of 200 jobs, had led to a doubling of operating profits in the second half, to give a total for the year of £6.9m. Exceptional charges were £1.05m this year.

Turnover fell from £75m to £67.3m.

Mr Kevin Lomax, chairman, said new business activity continued to decline in the second half, but the steep fall in demand experienced earlier in the financial year had shown signs of levelling off.

Services revenue continued to grow well and at a rate sufficient to make up for the fall in new business sales, he told shareholders.

Earnings per share were more than halved to 11.5p (23.5p). After holding the interim dividend, the company is raising the final by 12.5 per cent to 3.51p, giving a total of 5.67p (5.28p), an increase of 7.4 per cent.

Mr Lomax said: "The results for our fourth quarter were particularly good and the trading position to date in the new financial year is significantly better than it was last year.

However, it is is still too early to be confident that any recovery in demand we may be seeing, however modest, will be sustained."

Working capital had remained under firm control, and was further reduced in *the second half, mainly as a result of good* debtor control. Consequently, there was £7m in cash at the year end, compared with £3.6m at the end of the previous year.

Mr Lomax said that the group had been presented with 157 acquisition opportunities in the first six months of the year, and he expected more would arise as credit conditions tightened.

Misys would make further selective acquisitions, but would also maintain its cautious financial stance.

BET chief warns on midway results

BET's interim profits will fall below 1990 levels, Mr Nicholas Wills, chairman, warned at the annual meeting of the business services group yesterday.

He blamed the economic environment and forecast that both the UK and US recessions *would "last throughout the* financial year.

"The costs of the tough measures being carried out by the management team will impact adversely in the short term before the benefits become apparent," he cautioned.

In the six months to September 29 1990, pre-tax profits totalled £137m on turnover of £1.46bn.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 26.07.91: Pool purchase price £/MWh	Final Prices for Trading on 25.07.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.02	21.51	21.51
0100	15.63	16.10	16.10
0130	15.53	16.10	16.10
0200	15.53	16.10	16.10
0230	15.53	16.10	16.10
0300	15.53	16.10	16.10
0330	15.63	16.10	16.10
0400	15.53	16.10	16.10
0430	15.53	16.10	16.10
0500	15.53	16.10	16.10
0530	15.51	16.10	16.10
0600	15.53	16.10	16.10
0630	17.41	16.10	16.10
0700	17.41	17.77	19.21
0730	17.41	18.71	20.18
0800	17.82	18.89	20.36
0830	18.82	20.03	21.51
0900	21.36	21.02	22.53
0930	21.36	21.15	22.88
1000	21.36	21.21	22.75
1030	21.36	21.20	22.74
1100	21.36	28.67	30.37
1130	21.36	28.74	30.44
1200	21.36	28.74	30.44
1230	21.36	28.88	30.37
1300	21.36	21.09	22.60
1330	18.82	20.94	22.43
1400	18.82	19.38	20.63
1430	18.82	19.37	20.83
1500	18.82	19.37	20.83
1530	18.86	19.00	20.45
1600	23.36	18.71	20.16
1630	23.36	20.91	22.41
1700	23.36	27.57	29.23
1730	21.54	27.57	29.23
1800	21.54	20.91	22.41
1830	18.49	18.71	20.17
1900	17.86	18.66	20.16
1930	17.82	18.69	20.15
2000	17.82	18.56	20.02
2030	17.82	18.56	20.03
2100	15.80	18.56	20.03
2130	17.82	18.38	19.84
2200	17.82	20.81	22.34
2230	17.82	20.81	22.32
2300	17.82	20.81	22.32
2330	17.41	20.81	22.35
2400	17.41	18.16	19.63

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.86/MWh becomes 1.886p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

EuroLeisure founder resigns as chairman

By David Churchill, Leisure Industries Correspondent

MR MICHAEL WARD has resigned as chairman and chief executive of European Leisure following the recent slump in the share price and unrest among some shareholders.

Mr Ward, who had previously worked for City institutions such as Morgan Grenfell and Samuel Montagu, moved into the leisure industry in 1987 when he and other investors acquired an Irish shoe manufacturer called Edenderry Shoes.

He built the company up during the consumer boom of the late 1980s into Britain's largest disco and nightclub operator.

However, the cost last year of acquiring the much-larger Midsummer Leisure and the impact of the recession on leisure spending, had led to a loss of confidence in the shares. At one stage recently they fell from 9p to 6p in a day, although subsequently recovered.

Yesterday the shares rose 2p to close at 13p.

Mr Ward had also been criticised recently by a former director and shareholder, Mr Michael Quadrini, for the way he ran the company.

Mr Geoffrey Nichols, present deputy chairman, will take over as chairman immediately and a new chief executive will be appointed shortly.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Greenfriar Inv., Hepworth, Lex Service, OCE (UK), Sleepy Kids.
Finals- Forminster, Lazard Select Inv. Trust, Levercrest, Northamber.

FUTURE DATES

Interims-	
BBA	Aug. 5
Brabant Resources	Aug. 7
Bredero Properties	Aug. 28
CIA	Aug. 1
Edinburgh Oil & Gas	Aug. 5
Expamet Intl.	Aug. 13
Fairway (London)	Aug. 2
Foreign & Col. Enterprise	Aug. 2
Kleinwort Benson	Aug. 8
Life Sciences Intl.	Aug. 1
Lilleshall	Aug. 12
Metal Bulletin	Aug. 6
NEI	Sep. 12
Rolls-Royce	Sep. 12
Royal Dutch Petroleum	Aug. 12
Rugby	Sep. 18
Shell Trans. & Trading	Aug. 12
Sumit	Aug. 8
Finals-	
Barlow Rand	Nov. 11
Benchmark	Aug. 14
Davies (DY)	Aug. 27
Dyson (J & J)	July 29
Fleming Enterprise Inv.	July 30
Hartand Simon	July 30
Jersey Phoenix Trust	July 30
Prior	July 31
Ransom (Wm)	July 31
Unit	Aug. 2
Unitech	July 31
YRM	July 30

FT LAW REPORTS

Summary judgment remains unaffected by fraud claim

SOCIETE LIBANAISE POUR L'INDUSTRIE DU BOIS "LIBANOIS" SAL v FAMA SHIPPING LTD AND ANOTHER
Queen's Bench Division (Commercial Court): Mr Justice Steyn: July 1 1991

THE COURT has power to give summary judgment on a virtually undefended claim against one of two defendants to an action, despite the fact that the other defendant cannot be made subject to the summary judgment procedure in that the claim against him is based on an allegation of fraud.

Mr Justice Steyn so held on a preliminary issue in an action by the plaintiff, Societe Libanaise pour L'Industrie Dubois "Libanois" SAL, against the first defendant, Fama Shipping Ltd and a second defendant.

Order 14 of the Rules of the Supreme Court (RSC) provides: "1(1) ... the plaintiff may, on the ground that a defendant has no defence to a claim included in the writ ... apply to the court for judgment ...

(2) ... this rule applies to every action begun by writ in the Queen's Bench Division ... or Chancery Division other than ... (b) an action which includes a claim by the plaintiff based on an allegation of fraud ..."

HIS LORDSHIP said there were two defendants. The claim against Fama was based on breach of warranty of authority or breach of contract. The claim against the second defendant was based on an allegation of fraud.

The latter claim fell outside the scope of RSC Order 14 but the plaintiff had applied for judgment under Order 14 against Fama.

Fama objected that the court had no jurisdiction to hear and determine the Order 14 application against it, because of inclusion in the action of the allegation of fraud against the second defendant.

By Order 14 rule 1(2) a plaintiff could apply to the court for judgment on the ground that the defendant had no defence, in "every action begun by writ" in the Queen's Bench or Chancery Divisions, other than in (a) claims for libel, slander, malicious prosecution or false imprisonment; or in "(b) an action which includes a claim ... based on an allegation of fraud"; or (c) an Admiralty action *in rem*.

Fama contended that rule 1(2)(b) excluded the claims against both defendants from the scope of Order 14.

The question was whether "action" in rule 1(2) meant action against a particular defendant or action commenced by a particular writ.

Fama argued that the primary meaning of "action" as a term of legal art was the invocation of a court's jurisdiction by writ.

That was accepted. The question was whether the context required that another meaning be adopted, namely, that "action" referred to an action against a particular defendant.

Rules of Court must be construed in a purposive manner.

Their purpose was to provide a fair, efficient, expeditious and economical framework for the resolution of civil disputes consistent with the public interest. The court must reject an interpretation which resulted in wasteful procedures unless the language of the rules compelled such an undesirable result with precision and clarity.

Fama's interpretation, if adopted, would bring with it unfortunate consequences. It necessarily involved the proposition that Order 14 judgment could not be granted against a defendant who had no defence at all, if there was a claim based on an allegation of fraud against another defendant. That would cause unnecessary delay and expense in cases where defendants had no arguable case to put before a trial court.

Counsel for Fama suggested that the remedy was for the plaintiff to bring separate actions. He said the plaintiff could seek a discontinuance against Fama and then issue a separate writ against it.

The difficulty with those suggestions was that they involved the wasteful exercise of separate proceedings in cases where joinder of defendants was right and proper.

Before 1962 it was recognised that the summary judgment procedure was constricted in a number of ways, and a policy decision was taken to extend its scope. The procedure was drastically revised by RSC (Revision) 1962.

The *Annual Practice 1964 vol 1 p 181* explained the purpose of the changes.

It said that the usefulness of the Order 14 procedure, as a means of disposing of cases *which were virtually uncontested*, "has resulted in its extension from time to time to wider classes of cases, and the new Order marks a far-reaching stage in the further development of this process".

Before the 1962 revision the court would have had jurisdiction to hear and determine the present application (see Order 6 rule 1(b) and Order 14 rule 1(b).

Inherent in Fama's submissions was the proposition that the 1962 revision, which was intended to extend the scope of Order 14, resulted in a drastic contraction of the scope of Order 14.

That would be an astonishing result.

Counsel for Fama *said* the revised Order 14 could sensibly have been drafted to apply to every cause of action other than certain excepted causes of action or claims. Instead the current Order 14 provided that "actions", which included certain types of claim and Admiralty actions *in rem*, and not the claims or causes of action, were excluded from the scope of Order 14.

If that was right, the result was unfortunate. The contextual scene suggested that Fama's arguments must be approached with a degree of scepticism.

Section 69 of the Supreme Court Act 1981 defined the circumstances in which there was a right to trial by jury in civil proceedings in the Queen's Bench Division.

By subsection (1) it provided that where there was an issue on fraud, libel, slander, malicious prosecution or false imprisonment "in an action" to be tried in the Queen's Bench Division, "the action" should be tried with a jury, unless trial required prolonged examination of documents. By subsection (3) it provided that "an action" which did not fall to be tried by jury should be tried without a jury unless the court ordered otherwise.

Subsection (4) provided that "nothing in subsections (1) to (3) shall affect the power of the court to order ... that different questions of fact arising in any action be tried by different modes of trial ..."

Under section 69(1) it was clear that there was only a *prima facie* right to trial by jury, in respect of the specific cases mentioned. In other words, if there were two defendants and one was sued for *slander, and one for wrongful* dismissal, the former had a *prima facie* right to trial by jury but the latter not.

That meant that in the context, "the action shall be tried by jury" must be read as meaning the action against the particular defendant charged with fraud, etc, should be tried by jury. The significance of that was that it might go some way to showing how "action" in the linked Order 14, rule 1(2), should be interpreted.

Counsel for Fama submitted that any defendant had a *prima facie* right of trial by jury whatever the cause of action against him, provided that another defendant had a *prima facie* right to trial by jury.

That would be a strange result and was contrary to the way in which section 69 was understood in the profession.

There was no *prima facie* right to trial by jury in civil cases under section 69(1) except in those cases specifically listed. It was therefore relevant to bear in mind that "action" in related primary legislation meant action against a particular defendant.

The draftsman of Rules of Court faced a dilemma. The desired technique was precise and concrete regulation. Compression was parallel aim.

To a considerable extent and understandably, the Rules of Court focused on the straightforward case of one plaintiff and one defendant. In such a context elliptical expressions were to be expected. Viewed in the light of all the contextual considerations it therefore seemed permissible on orthodox principles to choose, as between competing meanings, the interpretation which best matched the purpose of the rule. "Action" in Order 14, rule 1(2), meant action against a particular defendant.

It followed that the court had jurisdiction to entertain an application for judgment under Order 14 against Fama despite the fact that no such application was possible against the second defendant.

For the plaintiff: Hugo Page (Withers).

For Fama: Richard Siberry QC (Richards Butler).

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

Market awaits arrival of Iraqi and Kuwaiti crude

By Deborah Hargreaves

THE OIL market is playing a waiting game for Iraqi and Kuwaiti crude that could reach the markets in the next few months. But while the oil has not reached the market yet, the effect of its release has been built into prices over the last week.

Oil prices were firmer earlier this week when North Sea Brent crude oil for September delivery was edging up above $20.30 a barrel. But the market's expectation that the United Nations will allow Iraq to sell a small amount of oil knocked the price back to $19.55 yesterday. Traders are now looking uncertainly towards the fourth quarter, when Iraqi and Kuwaiti oil could help meet a rise in demand as colder weather sets in in the west and the US starts to pull out of recession.

The UN security council was last night expected to give the go-ahead for Iraq to release $1.5bn-worth of oil to pay for emergency food and medical supplies. Iraq has petitioned to be allowed to sell double this amount. The Iraqi oil will probably be exported through the pipeline running over Turkey, which would take about two to three weeks to reopen. That pipeline needs repairs, without which, Iraqi exports could run at a rate of 500,000 barrels a day to 600,000 b/d.

Analysts have estimated that, at current prices, and a rate of 500,000 b/d, Iraq would be selling oil for 5 months to gain $1.5bn. In addition, Kuwait has said it will resume loading oil for export this weekend which could see it selling 100,000 b/d by the fourth quarter.

Mr Peter Bogin at Cambridge Energy Research Associates reckons this extra oil in the market is unlikely to have much effect on fourth quarter prices since demand will rise to absorb it. CERA is predicting an increase of some 2m to 2.5m b/d in demand for oil from the Organisation of Petroleum Exporting Countries to some 26m b/d (which includes 2m b/d of liquefied natural gas).

If demand rises by that much, mostly for seasonal reasons, but also as the economies of the US and western Europe pick up, there will be room for Opec to raise its output as well as for Iraqi and Kuwaiti oil. Opec is banking on a fairly large rise in demand which will make its production negotiations in September much more harmonious. Opec production is now believed to be about 23m b/d.

At the same time, North Sea output is picking up from a 2-year low caused by closures for rig maintenance and safety work. The Royal Bank of Scotland said a rise in June output of 140,000 b/d pushed North Sea output up to 1.6m b/d.

Palm oil import deal reported

By Lim Siong Hoon in Kuala Lumpur

IRAQ IS reported to have reached agreement with Malaysia to buy 250,000 tonnes of palm oil, despite the trade embargo imposed on it by the UN since last year.

The deal, for an undisclosed sum and for delivery within 15 months, would open the way for Malaysia to recover M$21m ($8m) in debts from the Iraqis left outstanding because of the Gulf war.

Agreement on the latest contract and repayment was reached on July 18 between the Iraqi State Enterprise for Vegetable Oil and the Malaysian state-run Federal Land Development Authority, which manages the largest oil palm estates. The authority exports palm oil to more than half a dozen countries, mostly in the Middle East. Iraq was its second largest customer last year, with 138,000 tonnes, compared with 160,000 tonnes bought by the Soviet Union.

Last week, visiting Soviet officials sought the Malaysian government's support for $200m in credit to buy palm oil.

One Soviet official has expressed fears that any form of official credit may run into difficulties since Malaysia, as a developing country, receives low-interest loans from western credit and aid agencies. The alternative is for the Soviets to obtain private Malaysian credit.

● Malaysian palm oil stocks are continuing to fall, while prices in the Kuala Lumpur Commodity Exchange have soared to nearly M$900 (£190) a tonne currently

Stocks fell by 13 per cent during last month to just slightly over 500,000 tonnes, compared to more than 1m tonnes 18 months ago.

Big tea buyers return to Colombo

THE LONG-awaited return of Sri Lanka's biggest tea buyers – Egypt and Iraq – to the Colombo auction this week lifted tea prices, brokers said, reports Reuters from Colombo. Prices were expected to spiral further in coming weeks, they added.

"The market immediately reacted to their [Egypt's and Iraq's] presence and prices were on the move," said Mr Ravi Kumararatne, tea director of the Forbes and Walker broking house.

But other brokers said the auction average moved up by only two or three rupees a kilogram from last week's average of R47.89 (73p) because both countries were selective in their purchases. Iraq purchased small quantities of good leaf teas while Egypt went for leafy grades. The bottom price in the market this week rose to R50 from R42 last week.

Egypt, Colombo's biggest buyer, stopped buying about three months ago after saying it found iron particles in the tea.

Iraq, the second largest customer, has been absent from the auction since August 1990 when the United Nations imposed a trade embargo on Baghdad following its invasion of Kuwait.

Sri Lankan authorities at the time acknowledged the Egyptian complaint and said there were some signs of iron particles from machines used in grinding.

But they also assured Cairo it would not recur and promised strict quality checks.

Despite that, Egypt stayed away. Some traders said a cash shortage may have been the reason for its absence.

One broker forecast that Iraq would buy 3m kg of tea in the next few weeks for delivery in August and was taking part in the auction through four local buyers.

Baghdad was also expected to buy on tender, a system it had not used before, he said.

Recent statistics also show that Jordan, suspected of sending tea across the border to Iraq during the Gulf War, has emerged as a big buyer.

Forbes, in a report on exports of main buyers, said Jordan bought 10.8m kg in the first half of this year compared with only 2.2m kg in the same 1990 period.

Iran, which is also alleged to have smuggled tea to Iraq, bought 18.4m kg and 11.6m kg respectively in the same periods.

Another big buyer was the United Arab Emirates, which took 8m kg in the six months to June 1991 compared with 1.4m kg in the same 1990 period.

Financial engineering tames the gold market

Hedging has trapped the price in a relatively narrow range, writes Kenneth Gooding

MODERN technology allows miners to trace specks of gold invisible even under a microscope and to release them profitably from material that once would have been discarded as waste.

Modern financial engineering, a more-recent introduction to the industry, allows gold miners to lock in certain profit and achieve prices on their sales well above the market average.

Amax Gold, for example, last year achieved on average a premium of US$30 an ounce over the New York Commodity Exchange spot price for its metal.

Mr Marvin Kaiser, chief financial officer, listed at the recent Financial Times gold conference some of the esoteric "tools" employed: FDFs (fixed date forwards); SDFs (spot deferred forwards); CSOs (committed sale options); CPOs (committed purchase options); COs (compound options); Double Os (overnight options); KO options (knock-out options); CCSs (committed close-out sales) and SIPs (simulated inventory positions).

"For mining companies hedging is now like dining in a restaurant which offers not only a generous set menu in the form of exchange futures and options, but also a vast *a la carte* menu covering a wide choice of dishes – European- and American-style options, lookback options, knock-out options, flat and variable forwards, spot deferreds and so on.

"The mining community is spoilt for choice," says Ms Jessica Jacks, an economist who studies the gold market for the RTZ Corporation, the world's biggest mining company.

It is generally agreed that all this hedging activity by the gold producers has trapped the gold price in a relatively narrow trading range in the past two or three years. Although they act individually, such is the speed of world communications that they all tend to act at one time, selling forward tonnes of gold whenever the price shows signs of moving strongly upwards. This puts a cap on price rises.

Those producers who hedge extensively say they are in a Catch 22 situation – they have a duty to shareholders to protect themselves from a collapse in the gold price but they know their efforts will probably prevent the strong recovery in the gold price they so devoutly wish for.

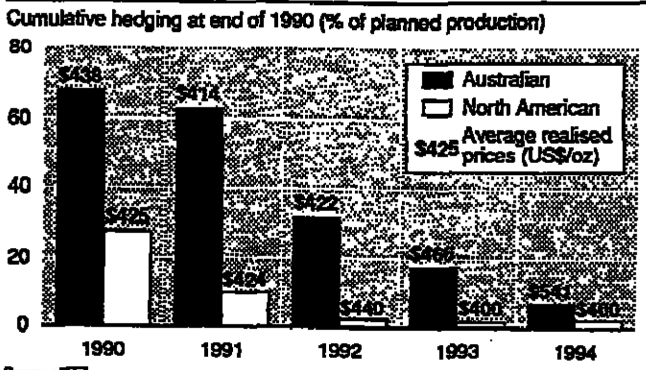
Ms Jacks says: "The more mines hedge, the more their cumulative activity caps the gold price and therefore the more they need to hedge to protect their profitability. Hedging has become self-fulfilling."

Hedging also affects the gold market by enabling marginal mines to stay in business. "The global mining industry is currently achieving prices that are substantially higher than today's current market price. More importantly, a good deal of future production, out as far as 1996, has been protected at these high prices," says Ms Jacks. "This implies that, while there will be casualties in future, we are not going to see the substantial capacity closures than many have been anticipating in the near future.

"Mines which are incurring high costs and which currently look very marginal are probably able to keep operating for longer than expected simply because they are achieving prices that bear little relation to current market prices."

Gold

Cumulative hedging at end of 1990 (% of planned production)



Source: RTZ

Until recently there was very little information readily available about the gold industry's hedging activities. However, Ms Jacks has pulled together some detailed statistics, after painstaking inquiries covering about two-thirds of 1990 gold production.

Her conclusions will not be welcomed by gold bulls. She suggests that the North American industry, the second-largest in the world, is relatively under-hedged compared with Australia's. Meanwhile, South Africa, the biggest gold producer, has only dipped a toe in the water. So hedging will remain an important depressant in the gold market for some time to come.

During the first six months of this year, Ms Jacks contacted 60 of the big gold mining companies in Australia and North America to ask for detailed information about their hedging policies. She also drew heavily on research about North American hedging by Mr Ted Reeve of Credit Suisse First Boston in Toronto.

Ms Jacks gave a taste of the results of her research at the Financial Times gold conference. Now she has published the full details*. These show that more than 1,100 tonnes of gold was covered by hedging at the end of last year. The total was boosted to an even higher level when the Gulf crisis flared into war this year, Ms Jacks points out.

She says the most important influence on the gold price was the net new hedging business – which last year involved 238 tonnes, most of it (159 tonnes) in forward sales.

By the end of 1990 the Australian gold industry had sold 81 per cent of its 1991 output, locking in an average price of US$447 an ounce. It had also committed 50 per cent of 1992's production and 34 per cent of that for 1993.

However, total new hedging business by Australian companies totalled only 8 tonnes, implying they did not depress the price as much as widely believed. In contrast, North American companies accounted for 124 tonnes of net new hedging business at an average of US$430 an ounce.

But "hedging in North America still has a long way to go both in terms of the volumes involved and the type of instrument used", says Ms Jacks.

South Africa has only just entered the "hedging maze" but at the end of last year had 15 per cent of annual output or 90 tonnes of 1991 production associated with some sort of price protection.

Ms Jacks points out that "these figures do not take account of the producer hedging that occurred during the extraordinary night of January 17, 1991, as war broke out in the Middle East. Since then the global hedged position is known to be substantially higher than at the end of 1990."

She says that, because Australian production seems to have peaked for the time being, hedging by that country can be expected to level off and then gradually fall. But "I am expecting a further build up of hedging by the Canadians and the Americans reaching a maximum perhaps in the early to mid-1990s".

Once South Africa is taken into account, "cumulatively I foresee that the global total in outstanding hedging is going to remain high for some time to come," says Ms Jacks.

What would it take to persuade the mining industry to unwind its positions and withdraw from the forward and options markets?

Ms Jacks dismisses the idea that hedging "indigestion" will set in because mining companies will be so fully hedged that they will be unable to complete further business. She explains: "A mining company can buy back a contract at a lower price only to resell into new rallies. Furthermore, the newer instruments without the obligatory physical delivery, such as options, offer greater freedom and flexibility".

She suggests there are two ways in which hedging might become less important to the gold market. Firstly, the gold price would have to lapse into a prolonged and deep backwardation (where the price for immediate delivery is above that for future delivery) of the sort seen until recently in base metals markets. Secondly, there would have to be a sharp and prolonged fall in bullion lending by central banks. This would effectively reduce the liquidity necessary for the forward markets to operate. "Without this liquidity, bullion dealers would find it difficult to offset the miners' forward sales."

Ms Jacks says, however, that there is very little likelihood of either of these changes taking place.

**Available from Publications and Publicity, RTZ Corporation, 6 St James's Square, London, SW1Y 4LD, England.*

Nickel project seems sure to go ahead

By Enrique Tessieri in Helsinki

FEARS HAVE faded that the Mt Keith nickel project in Western Australia, which would add about 5 per cent to supply outside the former eastern bloc countries, will founder because of technical problems.

Outokumpu, the state-owned Finnish group, and Australian Consolidated Minerals, partners in the venture, said they were ready to go ahead following further metallurgical test work. Their announcement coincided with a bid for ACM by Western Mining and Normandy Poseidon, two other Australian groups. If the bid is successful, Western Mining, already the western world's third-largest nickel producer, would take the Mt Keith project as its part of the spoils.

Western said it could cut development costs from the expected US$350m by linking Mt Keith with its Windarra nickel project nearby.

So, one way or another, Mt Keith seems certain to yield up its riches. The ACM-Outokumpu proposals envisage start-up in 1993 and a 20-year life for Mt Keith, which would produce an annual 140,000 tonnes of concentrate containing 28,000 tonnes of nickel.

Go-ahead for the project has been stalled because of a high magnesia content in the ore and difficulties over finalising non-recourse finance.

Mr Graham Mascall, managing director of Outokumpu Metals & Resources International, said yesterday that further testing showed that the magnesia problem was "manageable". Outokumpu is also taking responsibility for all financing of the project.

Outokumpu planned to buy 18,000 tonnes a year of Mt Keith nickel to feed its Harjavalta plant in Finland and to sell on world markets. So the bid is most unwelcome. "We saw it as an unfriendly attack, which we will not forget," said Mr Risto Virrankoski, president of Outokumpu Metals & Resources International.

Brazilian farmers assess frost damage to crops

By Victoria Griffith in Sao Paulo

BRAZILIAN FARMERS were yesterday assessing damage from two nights of frost as weather forecasters said the cold weather would continue.

Wheat, currently in the ear-producing growth phase, is especially at risk. Southern soyabean plantations may also suffer.

Temperatures reached freezing point two nights in a row in the southern states of Parana and Rio Grande do Sul. Sao Paulo state, an important producer of coffee and oranges, also registered frosts in some areas.

The cold weather has been caused by a polar air mass centred over Paraguay. Agronomists said grazing pastures in the southern states had clearly suffered damage. But a few products, such as peaches and apples, may have benefited from the cold weather.

● A confidential memorandum handed by Colombian President Cesar Gaviria to his Brazilian counterpart Mr Fernando Collor de Mello last week proposed that the world's two biggest coffee exporters begin talks aimed at "co-ordinating and reordering" the world coffee market, according to the Bogota daily El Espectador.

WORLD COMMODITIES PRICES

MARKET REPORT

Copper prices edged ahead on the LME, with the market cautious ahead of developments in Chile. Miners at El Teniente, the world's second largest mine, vote on Monday on whether to strike from August 1. Tin prices continued to advance, although traders said the move was largely speculative as physical interest was dull. Talk of problems at Billiton's tin smelter in Arnhem, Netherlands has aided recent gains. Aluminium prices continued this week's decline as the market remained under pressure from talk of more large increases in LME warehouse stocks. Dealers said that 50,000 tonnes of Soviet metal being unloaded in Rotterdam this week would not all be immediately available for delivery against LME contracts. But an application for the Soviet BAS brand to be registered with the LME should result in most of this metal becoming deliverable in the next few weeks, if approved. On the London bullion market gold eased again. The predominant bullish market sentiment on gold has been eroded by the sharp losses seen in silver on Wednesday. Gold is beginning to look vulnerable on the downside, despite its positive chart outlook, dealers said. Silver futures were up on Comex at midday, but off the session highs.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.20-8.30u	+0.20
Brent Blend (dated)	$19.50-9.60u	+0.25
Brent Blend (Sep)	$19.50-9.55	+0.20
W.T.I. (1 pm est)	$21.40-1.45u	+0.25
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$241-243	
Gas Oil	$188-189	+4
Heavy Fuel Oil	$71-73	-1
Naphtha	$194-196	+4
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$365.20	-0.65
Silver (per troy oz)♣	411.5c	
Platinum (per troy oz)	$368.25	-2.0
Palladium (per troy oz)	$93.50	-0.50
Copper (US Producer)	102.9	-0.5
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.54r	+0.03
Tin (New York)	267.0	+2.0
Zinc (US Prime Western)	62c	
Cattle (live weight)†	109.15p	-2.05*
Sheep (dead weight)†	120.24p	+0.49*
Pigs (live weight)†	68.01p	+3.00*
London daily sugar (raw)	$282y	+7.0
London daily sugar (white)	$329.0y	+1.0
Tate and Lyle export price	£278.5	+4.5
Barley (English feed)	118.5t	
Maize (US No. 3 yellow)	£180.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Aug)♥	54.25p	+1.00
Rubber (Sep)♥	54.75p	+1.00
Rubber (KL RSS No 1 Aug)	228.5m	
Coconut oil (Philippines)§	$470.0x	
Palm Oil (Malaysian)§	$362.5y	
Copra (Philippines)§	$310z	
Soyabeans (US)	£153x	-3
Cotton "A" index	79.45c	-0.75
Woltops (64s Super)	362p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Dec t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug ‡-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	254.00	248.00	260.00 244.00
Oct	204.80	204.40	206.00 204.60
Dec	191.00	193.40	191.00
Mar	191.40	191.40	192.60 190.60
White	**Close**	**Previous**	**High/Low**
Oct	283.0	282.4	283.9 282.0
Dec	273.5	274.4	275.5 274.0
Mar	273.0	273.5	273.6 272.0
May	275.0	276.0	275.3
Aug	273.0	273.0	272.5 271.0

Turnover: Raw 325 (968) lots of 50 tonnes. White 519 (807)
Paris- White (FFr per tonne): Oct 1702 Dec 1654

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Sep	19.53	19.69	19.66 19.46
Oct	19.55	19.67	19.68 19.48
Nov	19.57	19.70	19.62 19.56
Dec	19.60	19.66	19.61 19.59
IPE Index	19.44	19.57	

Turnover 13527 (14717)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Aug	184.50	181.50	184.50 182.25
Sep	185.25	182.75	185.50 183.25
Oct	187.75	185.75	188.00 186.50
Nov	189.00	186.50	189.00 186.75
Dec	190.00	187.00	190.00 187.00
Jan	186.00	182.75	186.00 184.50
Feb	181.75	178.50	180.75
Mar	177.00	174.00	177.00 175.50
Apr	174.25	172.50	174.25 174.00

Turnover 8201 (9718)lots of 100 tonnes

FRUIT & VEGETABLES

There is an abundance of home grown soft fruits available with strawberries at 45-60p a ½lb (40-55p), raspberries at 40-60p a ½lb (45-70p), redcurrants and blackberries at 30-50p a ½lb. English cherries at £1.00-1.10 a lb (£1.40-1.50) are a good fruit buy, together with Outspan grapefruit at 40-45p each (40-45p) for red varieties and 25-35p each (25-35p) for white grapefruit. New season English spinach is excellent this week at 50-60p a lb (60-75p). English carrots at 22-25p a lb (22-25p), and English broad beans at 35-40p a lb. Round lettuce at 25-35p each (25-35p) and iceberg at 45-65p each (55-70p).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Sep	608	607	613 605
Dec	646	644	651 642
Mar	684	682	689 681
May	706	702	709 701
Jul	725	723	730 721
Sep	745	743	747 743

Turnover: 2531 (3680) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 24 781.87 (792.29) 10 day average for Jul 25 778.52 (773.26)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Jul	517	520	517 506
Sep	534	535	536 528
Nov	552	555	557 546
Jan	565	572	575 565
Mar	584	588	588 584

Turnover:3428 (2523) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 24 : Comp. daily 83.77 (84.17). 15 day average 84.58 (84.72)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	106.0	105.0	105.0
Apr	98.8	99.0	98.3 98.0

Turnover 167 (306) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Aug	125.00	128.50	125.00
Dec	132.70	133.50	132.70 132.00
Feb	136.50		136.50

Turnover 103 (267) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Jul	1500	1500	1600
Aug	1510	1512	1505 1500
Oct	1600	1598	1600 1590
BFI	1498	1499	

Turnover 76 (203)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Sep	111.50		111.50
Nov	115.00	115.10	115.05 114.85
Mar	121.50	121.65	121.55 121.85
May	124.50	124.65	124.50 124.40
Barley	**Close**	**Previous**	**High/Low**
Sep	109.75		109.75
Nov	113.65		113.65

Turnover: Wheat 112 (56), Barley 13 (20).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	88.5	88.5	88.5
Sep	95.0		94.0
Mar	101.0		100.0

Turnover:32 (175) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	138.96	137.56			
Sep	138.60	139.00	138.70	138.60	72
Oct	139.20	139.40	139.20	139.00	120
Dec	139.60	139.90	139.60		40

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 41,469 lots	
Cash	1260-2	1268-70	1261	1260-1		
3 months	1292-3	1301-2	1296/1287	1292-3	1294-5	26,700 lots
Copper, Grade A (£ per tonne)					Total daily turnover 24,868 lots	
Cash	1307-7.5	1298-300	1314/1304	1304-5		
3 months	1331-2	1323-4	1336/1326	1327-8	1338-9	25,496 lots
Lead (£ per tonne)					Total daily turnover 6,945 lots	
Cash	324-6	320-2	323	322-3		
3 months	335-6	322.5-3.0	336/333	333-4	334-5	2,865 lots
Nickel ($ per tonne)					Total daily turnover 2,299 lots	
Cash	8150-60	8255-60	8150	8140-50		
3 months	8175-80	8265-75	8260/8168	8169-70	8185-90	2,293 lots
Tin ($ per tonne)					Total daily turnover 2,156 lots	
Cash	5740-50	5710-20		5765-75		
3 months	5830-40	5800-5	5860/5790	5855-60	5828-30	2,068 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 4,724 lots	
Cash	1055-7	1062-4	1056	1055-5.5		
3 months	1072-3	1077-8	1073/1068	1072-3	1072-3	11,473 lots

LME Closing £/$ rate:
SPOT: 1.6750 3 months: 1.6571 6 months: 1.6401 9 months: 1.6264

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	365.00-365.40	
Opening	365.40-365.80	
Morning fix	365.10	216.548
Afternoon fix	364.90	216.777
Day's high	364.40-365.80	
Day's low	364.40-364.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.50	6 months	5.41
2 months	5.46	12 months	5.29
3 months	5.45		

Silver fix	p/fine oz	US cts equiv
Spot	245.10	412.75
3 months	251.90	418.95
6 months	258.35	425.50
12 months	271.75	450.45

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	365.00-366.00	216.75-217.25
Maple leaf	373.00-374.00	221.50-222.00
New Sovereign	88.00-89.00	52.25-52.75

TRADED OPTIONS

Coffee	Sep	Nov	Sep	Nov
500	37	60	3	8
550	7	28	23	26
600	1	11	67	69
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
575	28	82	6	11
600	21	64	13	18
625	10	89	27	28
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1900	75		16	37
1950	42		33	59
2000	22	42		82

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	364.5	364.4	0	0
Aug	364.7	364.7	365.7	363.8
Sep	366.4	366.4	366.5	366.5
Oct	368.1	368.0	369.2	367.5
Dec	371.5	371.4	372.6	370.5
Feb	375.1	375.0	376.5	374.9
Apr	378.5	378.5	379.2	377.0
Jun	382.0	3382.0	381.5	381.5
Aug	385.6	386.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	365.3	364.5	369.0	369.0
Oct	368.3	368.5	372.0	368.1
Jan	372.5	372.7	376.3	373.5
Apr	376.5	376.6	381.0	378.0
Jul	380.4	380.5	383.5	383.5
Oct	387.6	387.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	404.6	398.4	410.0	406.0
Aug	404.7	398.5	0	0
Sep	407.5	401.0	412.5	407.0
Dec	414.4	407.7	419.0	413.5
Jan	415.9	409.2	0	0
Mar	422.1	415.3	426.5	422.5
May	427.3	420.4	0	0
Jul	432.6	425.8	436.5	436.0
Sep	438.1	431.2	0	0
Dec	446.9	440.2	451.0	447.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	99.25	98.65	99.50	98.60
Aug	99.00	99.05	99.80	98.80
Sep	99.85	99.05	100.10	98.60
Oct	99.60	98.70	99.05	98.70
Nov	99.35	98.40	98.85	98.50
Dec	99.15	98.10	98.50	97.70
Jan	98.80	97.65	99.05	97.60
Feb	98.45	97.30	97.90	97.50
Mar	98.10	96.90	98.30	96.70
Apr	97.65	96.45	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	21.38	21.52	21.58	21.32
Oct	21.27	21.43	21.48	21.24
Nov	21.17	21.38	21.36	21.16
Dec	21.08	21.26	21.25	21.07
Jan	20.95	21.12	21.10	20.94
Feb	20.84	20.99	20.95	20.81
Mar	20.79	20.86	20.76	0
Jun	20.60	20.61	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	5846	5809	5860	5785
Sep	5940	5917	5970	5890
Oct	6055	6032	6070	6005
Nov	6175	6142	6175	6110
Dec	6265	6237	6275	6215
Feb	6140	6119	6145	6100
Mar	5885	5859	5885	5850
May	5475	5464	5475	5475

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	953	963	967	948
Dec	1013	1022	1026	1008
Mar	1060	1067	1072	1057
May	1093	1101	1095	1087
Jul	1121	1125	1126	1115
Sep	1144	1145	1142	1142
Dec	1184	1183	1182	1182
Mar	1230	1229	0	0
May	1258	1255	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	80.85	82.40	82.40	80.70
Dec	84.35	85.75	85.60	84.20
Mar	87.50	88.90	88.80	87.40
May	89.85	91.25	91.00	89.70
Jul	92.40	94.00	93.00	92.40
Sep	94.90	96.15	0	0
Dec	97.00	98.65	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.09	9.07	9.16	9.06
Mar	8.64	8.63	8.65	8.57
May	8.69	8.68	8.70	8.62
Jul	8.69	8.71	8.67	8.64
Oct	8.73	8.74	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	69.08	69.32	69.60	68.65
Dec	68.95	69.02	69.45	68.72
Mar	70.05	70.20	70.60	69.91
May	71.00	71.07	71.35	70.90
Jul	71.85	71.90	72.00	71.65
Oct	68.91	69.20	69.00	69.00
Dec	67.95	67.90	68.01	67.90

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	117.70	117.25	117.70	116.75
Nov	116.65	116.30	116.85	116.00
Jan	115.70	115.25	115.70	114.80
Mar	116.15	116.40	116.00	115.75
Jul	116.80	116.40	116.00	116.00

INDICES

REUTERS (Base: September 18 1931 = 100)

July 25	July 24	mnth ago	yr ago
1697.5	1697.1	1778.8	1796.0

DOW JONES (Base: Dec. 31 1974 = 100)

	July 24	July 23	mnth ago	yr ago
Spot	122.85	123.52	129.39	132.30
Futures	122.16	123.47	125.94	131.61

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	549/2	549/0	559/6	548/0
Sep	551/0	552/0	562/4	549/6
Nov	559/6	558/6	570/0	558/0
Jan	569/2	568/0	579/0	566/2
Mar	578/4	577/0	588/0	576/4
May	587/0	587/0	596/0	585/0
Jul	590/4	592/0	600/4	590/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	19.25	18.95	19.62	19.00
Sep	19.41	19.13	19.77	19.22
Oct	19.59	19.35	19.92	19.43
Dec	19.97	19.66	20.35	19.75
Jan	20.06	19.85	20.50	20.00
Mar	20.37	20.15	20.70	20.29
May	20.66	20.40	20.95	20.55
Jul	20.77	20.68	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	172.8	174.8	175.9	171.5
Sep	171.7	173.7	175.0	170.9
Oct	171.7	172.5	174.7	[illegible]
Dec	172.0	172.7	174.9	[illegible]
Jan	172.5	173.2	174.5	[illegible]
Mar	172.5	173.5	174.5	[illegible]
May	172.0	174.5	175.0	171.5
Jul	172.7	175.0	176.0	172.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	245/6	244/6	250/2	245/0
Dec	251/2	249/6	258/4	250/0
Mar	259/2	256/4	262/2	258/6
May	263/4	261/2	265/6	261/4
Jul	266/0	264/2	268/0	263/6
Sep	254/0	254/0	256/4	254/0
Dec	250/2	250/0	253/4	249/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	286/2	283/4	288/2	284/6
Dec	299/4	297/2	302/0	297/2
Mar	305/6	303/0	307/6	303/6
May	301/4	300/2	304/4	300/0
Jul	297/0	296/6	300/6	297/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	72.95	73.17	73.20	72.75
Oct	75.57	75.42	75.60	75.15
Dec	76.82	76.47	76.85	76.30
Feb	76.07	75.65	76.10	75.60
Apr	76.25	75.85	76.45	76.00
Jun	74.35	74.10	74.36	73.87
Aug	72.25	72.25	0	0

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	52.45	52.55	52.85	52.18
Oct	44.10	44.37	44.65	43.80
Dec	44.12	43.95	44.27	43.65
Feb	44.22	43.87	44.27	43.85
Apr	42.45	42.32	42.60	42.25
Jun	46.77	46.70	46.85	46.75
Jul	46.75	46.70	46.75	0
Aug	45.35	0	46.50	45.35

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	44.22	42.25	44.25	42.75
Feb	48.52	47.82	48.70	48.00
Mar	48.20	47.50	48.30	47.70
May	48.70	47.80	48.70	0
Jul	48.90	48.80	0	0
Aug	45.50	45.50	0	0

LONDON STOCK EXCHANGE

Early losses in shares fully recovered

By Terry Byland, UK Stock Market Editor

A FURTHER bout of profit-taking in the London stock market was resisted yesterday and share prices rebounded successfully towards the close with the help of a similar rally in the early part of the new Wall Street session.

Share prices were hit at the opening by a sell programme from a large US investment house, reportedly Goldman Sachs. At least one other small trading programme was operated later in the session, and these trades boosted the day's Seaq turnover total. But the Seaq figure is an overall figure which takes in intra market-maker business as well as genuine investment interest. Traders stressed that the big institutions played little part in the equity market yesterday.

Account Dealing Dates		
*First Dealings:		
Jul 15	Jul 29	Aug 12
Option Declarations:		
Jul 25	Aug 8	Aug 29
Last Dealings:		
Jul 26	Aug 9	Aug 30
Account Day:		
Aug 5	Aug 19	Sep 9

*New-time dealings may take place from 8.30 am two business days earlier.

After slipping 13.7 to FT-SE 2,566.8 in early trading, the market rallied, underpinning suggestions that a new trading floor has been established for London share prices.

However, the recovery was checked when Wall Street opened the new session with a further setback, and not until New York suddenly turned upwards did London recover its poise and reduce its earlier losses.

The final reading put the FT-SE Index at 2,579.6, a mere 0.9 down on the day. Seaq turnover, boosted both by the trading programmes and by a rush from marketmakers at the close to cover short positions, reached 507m, compared with 476.8m in the previous session.

Traders were favourably impressed by yesterday's performance by the stock market, pointing out that tonight marks the end of a very successful equity trading account. The FT-SE Index has risen by more than 80 points over the two week account.

The renewed optimism in the London market was encouraged yesterday by confirmation that National Home Loans, one of the UK's largest home loan lenders, has completed the additional funding programme prompted by liquidity problems. Equity strategists now believe that the stock market is looking forward more optimistically towards a recovery from economic recession next year, or perhaps in the final quarter of 1991.

London has, however, been held back by Wall Street's difficulty in moving convincingly above the Dow 3,000 mark and the UK market was alerted at the close to reports that a large New York house had turned positive on the US market. While there was a general absence of institutional activity in London yesterday, statistics from the London Stock exchange confirmed that retail, or customer business in equities has improved significantly over the past fortnight. Wednesday's retail business totalled just above £1bn, the level regarded as an indicator of a profitable trading market.

Sentiment was helped by interim profit figures from ICI which were comfortably above market expectations. The profits from Britain's blue chip chemical group strengthened hopes that the worst of the recession may be lifting in the UK, and also appeared to reduce the chances of a further move against ICI from the Hanson camp.

But profit-taking depressed some of the sectors that have stood out in the recent advance across the market. Most store shares gave back a few pence of the gains achieved since the welcome news this week that domestic retail sales have turned higher.

Heavy trade in ICI

RESULTS significantly above expectations from ICI prompted a re-examination of the chemical giant's prospects by the market and ensured that the shares were one of the bright spots in a dull trading session.

ICI came up with half-year profits of £507m – well down on last year's £733m but comfortably above the widely predicted figure of £450m. The shares advanced 12 to 1319p on turnover of 3.6m, which was boosted by one early morning trade of 1m shares at 1310p.

Analysts came away from ICI's presentation yesterday morning in positive mood and several raised profits estimates for this year and 1992. Hoare Govett, joint broker to the company with S.G. Warburg and Panmure Gordon, stayed with its estimate of £875m for 1991. Mr Richard Henderson of Nomura said he now expects profits of £900m this year, against his previous forecast of £780m, and £960m next year, compared with £800m.

UBS Phillips & Drew specialist Mr Alasdair Nisbet, regarded as "the super-bear" on the stock, estimated final profits of £800m for this year, against his previous forecast of £700m.

The results also cast a new light on the board's fight against the Hanson camp, holder of a 2.8 per cent ICI stake. Hanson slipped 2¼ to 212½p, and the board made no comment on ICI's trading figures.

Kwik Save active

Fears of a price war among the discount supermarket chains initially pushed shares in some food retailing stocks sharply lower.

Kwik Save fell 17 to 573p as a broker highlighted Gateway's decision to convert one of its larger supermarkets in the Midlands into a discount store. Asda, which could also be forced downmarket by the fierce competition among supermarkets, came under pressure.

Most brokers reacted with scepticism and a consensus emerged that while Gateway may be struggling to find a more profitable line of business for its superstores, it would be unlikely to engage in a damaging price war. Kwik Save rebounded to close up a penny at 591p, while Asda ended ¼ up at 92¼p as income funds sought the final dividend.

Glaxo hit

News of a report which adds to growing evidence that anti-asthma inhalers could cause problems for sufferers prompted a fall in Glaxo, which gets around 10 per cent of its business from asthma medication. The shares lost 13 to 1257p on heavy turnover of 3.2m, having been 26 down at one stage.

Mr Didier Cowling of Nomura Research Institute said: "Asthma is one of the fastest growing diseases in the world and this is a significant report based on a Canadian study of 12,000 people." Mr Peter Smith, pharmaceuticals analyst at UBS Phillips & Drew, said the report added weight to concern that inhalers dealt with symptoms while ignoring the cause of asthma, and Glaxo was particularly vulnerable because it was also in the process of developing a longer acting form of inhaler.

Guardian erratic

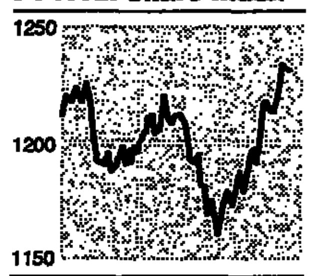
A closing level of 179p for Guardian Royal Exchange, a net gain of 5, disguised some erratic price moves and hectic trading in the shares earlier in the session.

One leading securities house was said to have been an aggressive seller of Guardian stock, which dropped to 167p soon after the outset of trading before staging a sustained rally later in the session.

UBS Phillips & Drew issued a note on the composites highlighting the possibility of dividend cuts. UBS expects 1992 to be another bad year for claims costs, which will affect the composites' balance sheets. GRE, according to UBS, is one of the likely candidates for a dividend cut. Turnover in GRE reached 4.4m shares, the highest for some months.

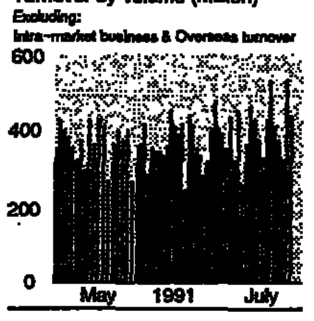
British Telecom gave one of the most impressive performances among the Footsie stocks, the shares closing 9½ higher at 385p, after touching a year's best of 386p; turnover was 5.6m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



The big rise in Telecom came as the market sensed the beginnings of a strong push by the government on wider share ownership, in connection with the expected sale in November of its remaining shares in BT. A possible obstacle to the sale, a Monopolies and Mergers Commission reference, was cleared earlier this week when BT and Oftel agreed to modifications to BT's licence.

Details of the sale are expected within days and will favour private investors, according to some specialists. Investment roadshows to overseas institutions are also said to be planned.

Henderson Crosthwaite, the stockbroker, said they expected the government's near 49 per cent stake to be sold at 400p a share.

Ranger Oil was down 5 at 445p, after 440p, as the market picked up hints that a big placing of the shares was being attempted in Canada. London believed that Dominion Securities was seeking to place a 10 per cent stake in Ranger, which it bought from Norsk Hydro. Dealers said the stock was being offered at around 460p a share. A similar stake in Ranger was sold by West Coast Energy some weeks ago at around 435p a share.

Pharmaceuticals suffered after some analysts began to turn bearish. Mr Robin Gilbert of broker James Capel said: "It has been a good sector . . . but now we are rather less enthusiastic; there are a lot of recovery situations out there." Fisons lost 3¼ to 496p on 3.1m, Wellcome 2 to 723p and Reckitt & Colman 12 to 1666p.

Cadbury Schweppes slipped 5 to 369p as a large persistent seller hovered around the market. There were also suggestions that a Monopolies and Mergers Commission inquiry into the carbonated soft drinks industry may be published today.

A profits warning from BET prompted very heavy turnover of 9.7m in the shares, which lost a penny to 196p. Chairman Mr Nicholas Wills said: "For the current year we have assumed lower revenue in our planning, as we expect the recession in both the UK and US to last throughout the financial year."

Management and personnel consultant Doctus shed 6 to 22p ahead of interim results due today. The board has issued a profits warning.

Specialty chemicals company Laporte fell 11 to 539p. Traders said there was stock overhanging the market.

Volex was among the best performing stocks in the electricals sector, moving up 18 to 277p, albeit in thin trading, as the market welcomed the sale to the Hanson group of Volex's accessories division for £8.8m. The deal, involving a cash payment of up to £6.05m and Hanson absorbing debts of £2.75m, will leave Volex in a net cash position.

The management buy-out of Thorn EMI's software division, renamed Data Sciences, for £82m, stimulated good support for Thorn shares, which rose 12 to 743p. Thorn will get £50m in cash and £32m via an underwritten zero-coupon four-year loan note, and have a 20 per cent stake in Data Sciences.

Analysts said the move illustrated Thorn's determination to divest itself of non-core businesses and concentrate on its two big international businesses, music and rentals.

Rank Organisation settled 5 easier at 658p in spite of keen support from Smith New Court. Mr Bruce Jones at Smith said the leisure sector looked close to its low point and that Rank would be a leader in the upturn.

Mr Jones focused on a falling tax charge, which he said would come down from 1991's 39.7 per cent to 37.6 per cent in 1992, and forecast a recovery in profits to £340m for 1992, compared with an expected £280m for 1991.

Usher-Walker, printing ink manufacturer, moved to a peak of 168p after completion of a private investor placing of 2 per cent of the equity at 155p with a new institutional holder.

British Aerospace added 10 at 574p as the shares continued Wednesday's rally, underpinned by a positive note from Charterhouse Tilney. Dealers believe the shares have fallen back too far in recent trading. Turnover reached 1.4m.

British Steel eased 2¼ to 120½p after S.G. Warburg turned negative on the stock. The broker blamed weak July steel prices in the UK and the rest of Europe. Turnover had reached 10m shares by the close of the session.

MITIE Group advanced 8 to 158p after reporting bumper full year profits for the year to March 1991 of £1.23m, up from last year's £615,000.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jim McCallum, Steve Thompson

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (48).
BRITISH FUNDS (1) Treas. 2pc IL 1994, BANKS (1) Abbey Natl., STORES (1) Amber Day, ELECTRICALS (4) Br. Telecom, Domino Printing, Electronic Data Proc., Philips, ENGINEERING (3) Molins, Rotork, Weir, FOODS (3) Brake Bros., Sutherland, Tate & Lyle, HOTELS (1) Ramsden's (H), INDUSTRIALS (18) Cape, Colorgen, Copymore, De La Rue, ECC, ISS-Intl. Service Sys. B, ML Labs., TT, Woseley, Worthington (A.J.), INSURANCE (2) Refuge, Utd. Friendly B, LEISURE (4) Airtours, Euro Disney, Owners Abroad 8.75p Prf., Prism, NEWSPAPERS (1) Metal Bulletin, PAPERS (1) Usher-Walker, TEXTILES (1) Readicut, TRUSTS (9) Fleming Intl. High Zero Div Prf., General Oriental, Investors Capital, Korea-Libr., London Amer. Ventures, M & G, Mercury Assets Mgmt., Perpetual, River & Mercantile, MINES (4) ACM, Metana Minerals, Monarch Res., Petaling.

NEW LOWS (47).
AMERICANS (1) Gt. Amer. First Savings, CANADIANS (1) Central Capital A, ECO, Imperial Oil, BANKS (1) Cater Allen, BREWERS (2) Macallan-Glenlivet, Wiltshire, BUILDINGS (3) Albrighton, Bellwinch, Higgs & Hill, CHEMICALS (1) Astra, ELECTRICALS (3) Emess 8.25p Prf., Hilsters, Standard Platform, ENGINEERING (1) Maganese Bronze, FOODS (2) Ashley, Carr's Milling, HOTELS (1) Savoy A, INDUSTRIALS (10) African Lakes, Assoc Energy, Barrett (H), Black Arrow, Doctus, Gestetner, Hadleigh, Lincoln House, Mosaic Invs., Nestor-BNA, INSURANCE (4) Archer (A.J), FAI, GRE, PWS, LEISURE (2) Thames TV, Yorkshire TV, MOTORS (1) Bostrom, NEWSPAPERS (1) Sterling, PROPERTY (1) UK Land, TRUSTS (9) Baillie Gifford Tech., Close Bros., Drayton Cons., ECU Wrrnts., Ensign B, Govett Amer. Endeavour, Murray Ventures, Natl. Home Loans 7½pc Prf., Sumit, OILS (2) AmBrit Intl., Richmond, MINES (1) Sth. African Land.

FINANCIAL TIMES STOCK INDICES

	July 25	July 24	July 23	July 22	July 19	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.74	84.70	84.72	84.86	84.94	79.07	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.95	94.40	94.45	94.47	94.52	88.08	94.84 (6/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1998.2	1998.6	2006.1	1973.8	1959.5	1851.5	2014.5 (5/4)	1608.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	186.8	198.6	203.4	210.0	212.9	188.9	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2579.6	2580.5	2587.9	2558.5	2541.5	2344.1	2587.9 (23/7)	2054.8 (16/1)	2587.9 (23/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1168.01	1171.12	1178.52	1169.87	1164.67	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.74	4.74	4.74	4.80	4.83	5.04				
●Earning Yld %(full)	8.14	8.33	8.32	8.43	8.48	10.97				
●P/E Ratio(Net)(☆)	15.18	14.76	14.78	14.59	14.51	11.08				
SEAQ Bargns 4.45pm	29,383	32,313	33,349	25,616	27,435	20,434				
Equity Turnover(£m)†	-	1036.34	1204.09	742.29	928.52	884.97				
Equity Bargains†	-	33,581	33,180	25,357	27,049	20,638				
Shares Traded (ml)†	-	433.4	535.4	321.9	376.1	383.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 14.51

Ordinary Share Index, Hourly changes — Day's High 1998.2 — Day's Low 1989.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1995.8	1995.9	1994.5	1990.1	1990.7	1991.7	1993.3	1996.3	1996.8

FT-SE 100, Hourly changes — Day's High 2579.6 — Day's Low 2566.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2575.6	2574.2	2573.2	2567.5	2568.1	2569.0	2571.9	2575.5	2576.3

FT-SE Eurotrack 200, Hourly changes — Day's High 1170.72 — Day's Low 1164.42

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1168.00	1168.04	1165.38	1165.50	1167.18	1168.07	1169.47

GILT EDGED ACTIVITY

Indices*	July 24	July 23
Gilt Edged Bargains	83.6	92.6
5–Day average	87.4	87.9

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	586	539	−5
ASDA Group	2,500	82½	+½
Abbey National	2,000	300	+3
Albert Fisher	4,500	118½	−1½
Allied-Lyons	1,800	570	−½
Amstrad	735	50½	−1½
Anglian Water	1,100	379	−2
Argos	225	334	
Argyll Group	4,500	311	−3
Arjo Wiggins	785	285	+1
Ass. Brit. Foods	1,205	534	−1
BAA	1,800	430	+4
BAT Inds.	2,000	734	−3
BET	9,700	196	−1
BICC	480	468	−3
BOC	353	684	−2
BPB Inds.	1,600	188	−4
BTR	3,400	414	−1
Bank of Scotland	655	115	−1½
Barclays	1,100	486	−3
Bass	985	927	−2
Beazer	905	87	+5
Bedford Int.	2,800	39	
Blue Circle	1,600	284	+1
Boots	1,800	409	+1
Bowater	288	667	+2
Brit. Aerospace	1,400	574	+10
British Airways	1,900	172	
British Gas	6,400	272	−½
British Land	495	297	+1
BP	8,200	344	−1½
British Steel	10,000	120½	−2½
British Telecom	5,600	385	+9½
Bunzl	529	91	
Burmah Castrol	213	557	−2
Burton	1,100	35½	+1
Cable & Wire.	1,300	588	+4
Cadburys	2,800	369	−5
Calor Group	748	215	+1
Carlton Comms.	339	472	−3
Coats Viyella	482	161	−1
Comm. Union	561	517	−5
Cookson	1,000	107	−1

	Volume 000's	Closing Price	Day's change
Courtaulds	348	434	+2
Dalgety	385	425	−1
De La Rue	237	434	+3
Dixons	1,500	227	+1
ECC Group	284	482	
Eastern Elect.	664	185	−1
East Midland Elect.	529	204	+2
Enterprise Oil	655	539	+3
Eurotunnel Units	604	451	−4
FKI	1,500	63	−½
Ferranti	3,000	6½	−¼
Fisons	3,100	496	−3¼
Forte	1,860	264	+2½
Gen. Accident	1,000	524	+1
General Elect.	3,700	184½	+½
Glaxo	3,200	1257	−13
Glynwed Int.	151	235	
Granada	176	146	−3
Grand Met.	1,400	792	−1
GUS A	129	1273	−12
GRE	4,400	179	+5
GKN	1,100	357	−7
Guinness	786	955	−3
Hammerson 'A'	66	610	−4
Hanson	8,600	212½	−2½
Hanson Warrants	644	35½	−½
Harrisons Crosfield	247	159	
Hawker Sidd.	689	577	+1
Hillsdown	917	233	−4
IMI	467	249	+1
ICI	3,600	1319	+12
Inchcape	1,300	576	−3
Kingfisher	1,600	528	−7
Ladbroke	1,800	273	+6
Land Securities	1,000	510	+1
Laporte	336	539	−11
Legal & General	2,200	430	+6
Lloyds Abbey	1,000	411	+1
Lloyds Bank	1,400	388	−4½
LASMO	1,300	363	+5
London Elect.	1,200	198	−1
Lonrho	609	284	−1
Lucas	2,060	142	−3

	Volume 000's	Closing Price	Day's change
MB Caradon	779	249	
MEPC	118	478	−2
Manweb	144	282	
Marks & Spencer	3,300	285	+1½
Maxwell Comm.	794	187	+1
Midland Bank	814	180	−3
Midlands Elect.	553	288	
NatWest Bank	2,100	316	−3
National Power	9,300	180	−1½
Next	330	38½	
North West Water	1,700	371	−5
Northern Elect.	111	218	
Northern Foods	135	498	−2
Norweb	1,069	222	
Pearson	176	744	−6
P & O	1,100	576	
Pilkington	1,200	159	+1
PowerGen	7,700	157½	−1½
Prudential	3,700	242	+½
RHM	1,400	281	+2
RMC	385	685	+8
RTZ	1,100	595	+4
Racal	2,500	214½	−4½
Racal Telecom	980	346	−10
Rank Org.	1,000	658	−5
Reckitt & Colman	165	1666	−13
Redland	283	579	
Reed Intl.	907	489	−1
Reg. Elect. Pkg Uts	2	£2145	+15
Rentokil	15	334	−3
Reuters	872	802	+4
Rolls Royce	3,700	152½	−½
Rothmans	858	1043	−1
Ryl Bk Scotland	501	161	−1
Royal Insurance	2,000	380	+2
Saatchi	595	17¼	
Sainsbury	694	362	+1
Scottish & New.	1,100	411	
Scot. Hydro-Elect.	2,700	111	−1
Scottish Power	8,000	104½	−½
Sears	3,700	88	+1
Sedgwick	3,000	275	−4
Seaboard	288	210	+3

	Volume 000's	Closing Price	Day's change
Severn Trent Water	1,900	345	−4
Shell Transport	2,800	539	
Siebe	586	481	+8
Slough Ests	845	281	−7
Smith (W.H.) A	574	434	−5
Smith & Nephew	2,000	135	
SmKl Beecham	3,300	832	
SmKl Beecham Uts.	480	3535	−7
Smiths Inds.	85	284	−1
Southern Elect.	938	207	+4
South Wales Elect.	121	252	−1
South West Water	169	359	−7
South West. Elect.	59	209	
Southern Water	113	338	−3
Standard Chartd.	294	338	
Storehouse	2,700	110	
Sun Alliance	1,000	371	−3
T&N	891	153½	−½
TI Group	303	588	−2
TSB	7,000	144	−2
Tarmac	737	238	
Tate & Lyle	1,600	392	−1
Taylor Woodrow	1,500	220	+1
Tesco	6,400	274½	+1½
Thames Water	2,100	380	−3
Thorn EMI	545	743	+12
Trafalgar House	3,300	228	−2
Ultramar	1,700	287	−1
Unigate	1,800	303	+1
Unilever	1,000	784	+4
United Biscuits	882	385	−1
Utd. Newspapers	161	382	−4
Wellcome	505	723	−2
Wessex Water	700	380	−7
Whitbread 'A'	1,300	485	−1
Williams Hldgs.	1,800	328	−2
Willis Corroon	1,000	313	+1
Wimpey	3	175	−1
Yorkshire Elect.	1,000	248	
Yorkshire Water	651	386	−4

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

EQUITY futures remained in a cautious frame of mind yesterday, preferring for the second session in a row to trade in a tight range just below the previous day's level, writes Jim McCallum.

A programme trade by a US investment house conducted just before Wednesday's close caused early weakness when the futures market opened.

Further modest losses were sustained after a UK securities house started selling futures ahead of a programme trade in shares, which was weighted on the sell side.

But throughout the decline, futures maintained a strong premium to the spot FT-SE index and when US Treasury bonds and shares moved higher, the futures market started to recover from its worst levels.

September FT-SE closed at 2,612, down 6 on the day. The premium narrowed to 34 points, down 3 as dealers anticipated the end of the current stock market account today. Next week, the fair value premium will be around 20 points.

In traded options, British Telecom was the main feature as investors attempted to profit from the strong rise in BT shares by buying November 390 puts and selling August 360 calls.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100¼	99¼	Exch. 11pc 1991	100	.....	11.00	10.55
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	8.07	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	[illegible]	12.62	[illegible]
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	10.02	[illegible]
[illegible]	[illegible]	Treas. 8pc 1992‡‡	[illegible]	[illegible]	8.13	[illegible]
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	10.49	[illegible]
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	3.14	[illegible]
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	12.01	[illegible]
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	13.07	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1993	[illegible]	[illegible]	8.48	[illegible]
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	10.04	[illegible]
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	12.03	[illegible]
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]	[illegible]	6.41	[illegible]
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	12.85	[illegible]
[illegible]	[illegible]	Treas. 8½pc 1994	[illegible]	[illegible]	8.83	[illegible]
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	13.25	[illegible]
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	12.55	[illegible]
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	10.06	[illegible]
[illegible]	[illegible]	Exch. 12½pc 1994	[illegible]	[illegible]	11.82	[illegible]
[illegible]	[illegible]	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.32	[illegible]
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	11.44	[illegible]
[illegible]	[illegible]	Exch 3pc Gas 90-95	[illegible]	[illegible]	3.48	[illegible]
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	10.26	[illegible]
[illegible]	[illegible]	Treas 12¾pc 1995‡‡	[illegible]	[illegible]	11.78	[illegible]
[illegible]	[illegible]	Treas. 14pc '96	[illegible]	[illegible]	12.49	[illegible]
[illegible]	[illegible]	Treas. 9pc 1992-96‡‡	[illegible]	[illegible]	9.33	[illegible]
[illegible]	[illegible]	Treas 15¼pc 1996‡‡	[illegible]	[illegible]	12.99	[illegible]
[illegible]	[illegible]	Exch 13¼pc 1996‡‡	[illegible]	[illegible]	12.01	[illegible]

Five to Fifteen Years

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]	[illegible]	Conversion 10pc 1996	[illegible]	[illegible]	10.11	[illegible]
[illegible]	[illegible]	Do. 10pc 1996 B	[illegible]	[illegible]	10.11	[illegible]
[illegible]	[illegible]	Treas 13¼pc 1997‡‡	[illegible]	[illegible]	11.91	[illegible]
[illegible]	[illegible]	Exch 10½pc 1997	[illegible]	[illegible]	10.42	[illegible]
[illegible]	[illegible]	Treas 8¾pc 1997‡‡	[illegible]	[illegible]	9.38	[illegible]
[illegible]	[illegible]	Exch 15pc 1997	[illegible]	[illegible]	12.53	[illegible]
[illegible]	[illegible]	Exch. 9¾pc 1998	[illegible]	[illegible]	10.01	[illegible]
[illegible]	[illegible]	Treas 6¾pc 1995-98‡‡	[illegible]	[illegible]	7.91	[illegible]
[illegible]	[illegible]	Treas. 15½pc '98‡‡	[illegible]	[illegible]	12.41	[illegible]
[illegible]	[illegible]	Exch. 12pc 1998	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Treas 9½pc 1999‡‡	[illegible]	[illegible]	9.83	[illegible]
[illegible]	[illegible]	Exch. 12¼pc 1999	[illegible]	[illegible]	11.17	[illegible]
[illegible]	[illegible]	Treas. 10½pc 1999	[illegible]	[illegible]	10.38	[illegible]
[illegible]	[illegible]	Conversion 10¼pc 1999	[illegible]	[illegible]	10.28	[illegible]
[illegible]	[illegible]	Conversion 9pc 2000‡‡	[illegible]	[illegible]	9.62	[illegible]
[illegible]	[illegible]	Treas. 13pc 2000	[illegible]	[illegible]	11.36	[illegible]
[illegible]	[illegible]	Treas 10pc 2001	[illegible]	[illegible]	10.14	[illegible]
[illegible]	[illegible]	Treas. 14pc '98-01	[illegible]	[illegible]	12.02	[illegible]
[illegible]	[illegible]	Treas 9¾pc 2002	[illegible]	[illegible]	10.07	[illegible]
[illegible]	[illegible]	Treas 10pc 2003	[illegible]	[illegible]	10.16	[illegible]

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001-04	106¾	+⅛	10.82	10.42
58¾	53¼	Funding 3½pc '99-04	58¼	+⅛	6.01	9.02
97¾	90¾	Conversion 9½pc 2004	95½	+⅛	9.99	10.17
97¼	90¾	Conversion 9½pc 2005	95¾	+⅛	12.61	10.15
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	95¾	African Dv Bk 11¼Ln 2010	101⅞	+⅛	10.99	10.91
97¾	91¾	Asian Dev Bk 10¼pcLn2009	96¾	−⅛	10.61	10.67
112⅞	105¾	Int-Am Dev Bk 12½pc 2003	110⅞	−⅛	11.28	10.81
92¾	86¾	Do. 9¾pcLn 2015	91¾	−⅛	10.68	10.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

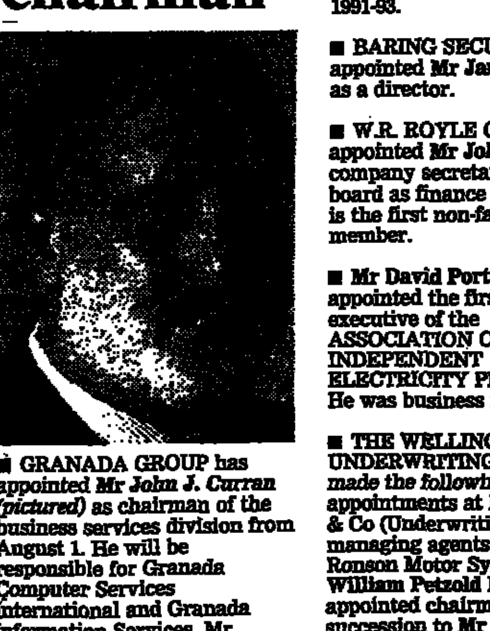
FOREIGN BONDS & RAILS

[illegible]

Continued on next page

APPOINTMENTS

Granada Computer chairman



■ GRANADA GROUP has appointed Mr John J. Curran (pictured) as chairman of the business services division from August 1. He will be responsible for Granada Computer Services International and Granada Information Services. Mr Curran was with National Advanced Systems where he was vice president and general manager, Europe and Asia. He is non-executive chairman of Anamartic.

■ LASMO has appointed Mr John E. Brading as a non-executive director. He was chairman and chief executive officer of Occidental International when he retired last year.

■ Mrs Paula Rigby, UK retail director of Penhaligons, has been elected chairman of the BOND STREET ASSOCIATION 1991-93.

■ BARING SECURITIES has appointed Mr Jamie O'Connor as a director.

■ W.R. ROYLE GROUP has appointed Mr John K. Roddy, company secretary, to the board as finance director. He is the first non-family board member.

■ Mr David Porter has been appointed the first chief executive of the ASSOCIATION OF INDEPENDENT ELECTRICITY PRODUCERS. He was business manager.

■ THE WELLINGTON UNDERWRITING GROUP has made the following appointments at L. Hammond & Co (Underwriting), managing agents for the Ronson Motor Syndicate. Mr William Petzold has been appointed chairman in succession to Mr John Taylor who remains on the board as a non-executive director. Mr George Ibbett has been appointed managing director.

■ UNIGROUP has appointed Mr John Foreman as group finance director. He was vice president and chief financial officer of Oiltools International, a subsidiary of Antah Holdings, a Malaysian industrial conglomerate which holds 34 per cent of Unigroup.

■ Mrs Karen Morgan has been elected vice chairman of SOUTHDOWN BUILDING SOCIETY. She joined the board of Sussex County Building Society in 1986, and became a director of Southdown when it was formed by the merger of Sussex County and Eastbourne Mutual building societies last October.

■ MORPHY RICHARDS, part of the Glen-Dimplex group, has appointed Mr Chris Thompson as marketing director, and Mr Peter Keig as chief product engineer, both new posts. Mr Thompson joins from Vileda, and Mr Keig from Russell Hobbs.

■ GOODHEAD GROUP has appointed Mr Fred Linden-Wyatt as sales director of Goodhead Press.

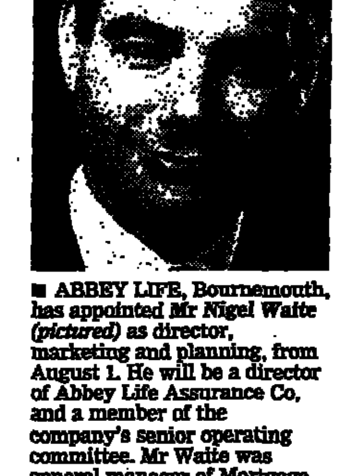
■ TI GROUP has appointed Mr David A. Harding to the new post of deputy group finance director from August 1. He was director of corporate development, responsible for acquisitions.

■ Mr Ted Farmer has been appointed operations director at LONDON WINE, Chelsea.

■ ILLINGWORTH, MORRIS has appointed Mr Roger Marsden as managing director of the group's cloth merchanting arm, Hunt and Winterbotham, which has relocated from Stroud to Huddersfield. Mr Marsden was sales director of IM's fine worsteds group.

■ WESTON HYDE PRODUCTS, Frome, has appointed Mr Sandy Gray as managing director. He was general manager (commercial division).

■ Mr Graham Woodhead, divisional managing director, controls division, has joined the board of MEGGITT.



■ ABBEY LIFE, Bournemouth, has appointed Mr Nigel Waite (pictured) as director, marketing and planning, from August 1. He will be a director of Abbey Life Assurance Co, and a member of the company's senior operating committee. Mr Waite was general manager of Mortgage Express, and has held marketing roles with Mars, Crown Financial Management, and TSB Group.

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BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ELECTRICITY

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

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LEISURE

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
557	155	Airtours 10p	546	+11	18.25	2.9	2.0	17.1
108	71½	Allied Leis. 5p	89	.....	F4.75	3.5	7.1	6.2
246	140	Anglia TV	180	-1	9.26	2.4	6.9	8.2
51	14	Aneco 1p	27	...	1.5	1.1	7.7	16.1
[illegible]	4½	BBGE Hldgs 5p	6	.....	–			–
178	123	Barr & W.A.T. 'A'	154	...	9.75	1.6	8.4	10.0
689	425	Boosey & Hawkes	655	.....	16.4	2.7	3.3	13.1
52	24	Border T.V.	42	.....	2.1	1.1	6.7	18.8
[illegible]	17	Brent Walker 10p	23½	-½	5.0	–	28.4	–
[illegible]	4	Do 8pc Cv Cp Rd Pf £1	7	-1	6.0	–	–	–
55	43	Buckingham Int'l. 10p	46	-½	2.1	1.8	6.1	10.7
349	183	Campari Int. 20p	340	.....	†11.0	2.9	4.4	9.2
208	134	Capital Radio 2½p	170	.....	5.25	2.9	4.1	11.2
507	350	Carlton Comms 5p	472	-3	†14.1	2.4	4.0	13.2
81	61	Do. 6.5p Prf 5p	75	.....	6.5	–	11.6	–
237	160	Castle Comms. 5p	218	...	8.5	1.7	5.2	14.6
825	480	Central ITV	798	.....	28.5	1.4	4.8	19.5
158	128	Chiltern Radio 10p	147	.....	†4.8	2.6	4.4	11.3
89	19	Chrysalis	76	...	§§2.0	–	–	–
69	27	Citywision 5p	29	-1	1.0	7.0	4.7	3.8
6	3	Classic TV Invest Int 20	3½	.....	–			–
1275	908	Euro Disney Fr10	1265	+37	–	–	–	–
30	5	European Leis. Ir25p	15	+2	1.7	2.2	17.4	2.2
44	21½	Ex Lands 10p	32	.....				
37	17	Excalibur 20p	17	...	1.0	2.7	8.1	4.5
543	403	Fairline Boats 10p	478	.....	21.0	4.1	6.0	5.5
276	188	First Leisure	264	-4	†5.05	2.6	2.6	18.1
253	195	GWR Group 20p	242	...	‡6.0	3.2	‡	12.6
75	59	Grampian TVA 10p	60	...	4.1	♦	9.1	♦
8	5	Greenwich Comm. 1p	5	...	–			–
63	13	HTV Ord	40	...	3.75	1.2	12.5	9.2
145	56	Hi-Tec Sports	136		5.0	2.9	4.9	9.3
[illegible]	2	Int'l Media Comm. 1p	2	.....	–			–
64	30	Int'l Resort Hldgs	55	.....	‡‡3.2	2.5	‡	4.7
78	49	Juricka Sound 10p	77	.....	1.0	4.2	1.7	24.2
37	29½	Kunick 10p	38	...	2.0	2.2	8.9	7.2
88	53	Do. 8¼pc Pf 5p	73	...	8.25	–	15.1	–
110	80	LWT Hldgs 7.925p Pf 5p	109	+1	t5.94	–	4.8	–
193	193	Marina Dev. 50p	193	-1	5.0	–	3.5	–
179	124	Metro Radio Grp 5p	148	.....	5.0	3.0	4.5	10.0
102	84	Midlands Radio 10p	85	...	†4.5	1.0	‡	19.1
6	4	Millwall Hldgs. 1p	4½	+¼	–			–
96½	34	Owners Abroad 5p	90½	+3	‡‡2.9	4.0	4.3	7.6

PROPERTY

1991 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
4¼	2	Abaca Grp 5p	2		–			–
100	78	Allied London 10p	88	.....	3.53	0.5	5.9	63.3
95	75	Do. 5¼pc Cnv Rd Pf £1	87	-1	5¼%		8.8	–
43	11	Anglia St. James 35p	14	...	‡3.0	1.2	‡	(3.8)
90	70	Arcadian Intl	70	...	‡‡4.0	0.4	‡	
106	66	Asda Property 20p	81	+1	1.85	0.8	3.0	57.4
85	60	Do 5¼pc Cnv Pf £1	71	+1	5¼%	–	9.6	–
32	18	BDA Hldgs 10p	24					–
48	30	BHH Group 50p	39	+1	1.0	–	3.4	–
68	45	Baker Hrris Sndrs 10p	56		2.5	♦	6.1	♦
71	53	Barlows 10p	53	.....	2.48	0.6	6.2	38.7
433	325	Bilton (Percy)	429	...	17.44	1.5	5.4	17.0
68	51	Bolton Grp 5p	59	...	–			–
85	48	Bourne End Prop	50	...	2.0	–	5.3	–
150	115	Bradford Prop 5p	142	...	3.7	2.9	3.5	13.5
88	63	Bredero Props	63	...	2.4	2.7	5.1	7.9
94	44	Britannia Grp 5p	44	-1	3.0	1.2	9.1	12.2
330	255	British Land	297	+1	5.75	1.7	2.6	27.9
£113	£100	Brit Land 8¾pc Cv	£108	.....	Q8¾%		8.0	–
188	151	Brixton Estate	185	-1	7.1	1.4	5.1	16.7
48	35	Burford Hldgs 1p	39	...	0.85	1.9	2.9	23.8
18	9	Cabra Ests	10½	+½	0.1	–	1.3	–
366	290	Capital & Counties	329	...	13.2	1.8	5.3	13.4
95	77	Do 5¼pc Prf £1	85	+1	5.75%	–	9.0	–
135	110	Cap & Reg. Prop	114	...	0.9	0.8	1.1	–
325	225	Cardiff Prop 20p	225	.....	2.4	2.5	1.4	37.1
640	475	Chesterfield	513	...	18.5	1.5	4.8	17.9
95	70	Do 5.25pc Cv Cm Pf £1	76	-2	5.25	–	9.2	–
59	37	Christie Grp 2p	39		–			–
160	105	City Site Estates	120	.....	1.92	–	2.1	–
60	27	Clarke Nickolls	55	...	0.75	3.0	1.8	19.8
92	30	Clayform Props 5p	30	.....	2.0	–	8.9	–
9	2	Do Warrants	2	...	–			–
725	600	Compco Hldgs 20p	600	...	12.96	–	2.9	–
35½	12	Control Secs. 10p	15½	-½	†1.25	3.7	10.8	2.7
78	50	CountyGlen	58	.....	–			–
885	720	Dar Jan (Hldgs)	815	.....	24.0	♦	3.9	♦
67	32	Dartbury Grp 10p	50	...	L5.06	2.0	13.5	3.0
11¼	2½	Dares Estates 5p	3½	...	0.25	–	8.9	–
18	4	de Morgan Group 5p	6	.....	–			–
130	82	Debenham Tewson 5p	103	...	6.0	♦	7.8	♦
158	123	Dencora	126	....	5.5	1.1	5.8	21.1
715	625	Derwent Valley 5p	630	...	8.25	–	1.7	–

MOTORS, AIRCRAFT TRADES

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Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

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TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

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AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
American ¥	5	298.6	298.6	319.0	-4.0	1.34
(Accum Units) ¥	5	349.3	349.3	373.2	-4.7	1.34
British	5	797.2	797.2	843.4	-1.2	5.89
(Accum Units)	4	1276.3	1276.3	1350.2	-2.0	5.89
European	5	320.8	320.8	341.6		1.54
(Accum Units)	5	343.8	343.8	366.1		1.54
Japan	5	118.7	118.7	126.0	+0.4	-
(Accum Units)	5	119.6	119.6	127.0	+0.4	-
New Pacific	5	175.4	175.4	186.4	+0.2	1.94
(Accum Units)	5	179.6	179.6	190.8	+0.2	1.94
PEP July 19	5	135.8	136.1	144.0		3.86
Mngd Equity	5	120.7	122.5	129.7	-0.4	3.59
Mngd Equity Acc	5	128.3	130.2	137.8	-0.4	3.59
Mngd Cash	5	95.88	95.88xd	100.6		10.87
(Accum Units)	5	113.6	113.6	119.2		10.87
Mngd Portfolio Acc July 17	5	120.9	120.9	127.9		6.88
Majority Sdg	1	99.89	99.89	100.87	+0.02	10.35
Majority Sdg Acc	1	104.78	104.78	105.81	+0.02	10.35

Stonehenge Intl Inv Mngrs Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

International July 15	0	52.19	52.19	51.68		15.45

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Sun Alliance House, Horsham 0403 56293

Equity	6	598.0	605.4	647.5	-4.1	3.31
North America	6	77.66	78.43	83.88	-0.26	1.10
Far East	6	94.75	95.74	102.4	-0.2	0.79
W'wide Bond	6	46.86	46.86	49.85	+0.07	6.00
European	6	66.48	66.93	71.58	-0.19	1.82
Equity Income	6	69.85	69.85xd	74.71	-1.42	5.24
Portfolio	6	58.04	58.04	62.07	-0.22	2.64

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basingstoke, Hants 0800 525725

American Growth	6	25.95	25.95	27.76	-0.04	0.47
Managed Assets	6	101.94	102.58xd	109.72	-0.53	4.07
UK Income	6	32.42	32.94	35.23	-0.20	4.63
UK Growth	6	32.55	32.96	35.26	-0.19	3.29
Worldwide Growth	6	24.24	24.24	25.93	-0.14	0.89

Sun Life Trust Mngmt Ltd (1200)H

Edinburgh Fund Mngrs PLC
Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gross
American July 24	161.6	166.1	-0.6	1.51
Managed July 24	146.6	152.0	+1.4	3.78
Japan July 25	115.5	118.7xd	-3.4	0.08
Sm Jap Cos July 26	560.7	576.1	-19.5	0.08

Fidelity Investment Services Ltd

Mngd Pen P'folio	130.7	134.8	-0.70	3.97

Robert Fleming Asset Mngmt Ltd

Am Exempt	£470.37	477.34	-5.07	1.61
Gen Exempt	£132.12	135.10	-0.23	3.87
Jap Exempt	£473.85	481.56	+3.12	0.80
Pacific Exempt	£102.74	104.95	-0.59	3.13
Contl Euro Exempt	£96.63	98.53	+0.18	2.37
Inflexed Exempt July 25	£129.50	132.72	+1.72	4.70
Amer Index Expt July 25	£103.75	104.78	-3.47	3.15
Japan Index Expt July 25	£63.79	65.08	-1.20	0.62
Euro Index Expt July 25	£95.77	97.70	+1.16	2.82
O'seas Index Expt July 25	£97.99	100.16	-2.9	2.34

Funds in Court*

Capital July 17	493.46	497.00		2.47
Gross July 17	177.49	178.92xd		10.90
High Yield July 17	291.89	294.24		7.00

* Restricted to monies under Court control

Henderson Unit Trust Management Ltd

Pensions Mngd	53.33	54.43	-0.26	4.13

INVESCO MIM Management Ltd
Exempt Funds

Intl Mngd P'Folio	1288.0	1304.0xd		-
Mngd Pens (Acc)	68.8	73.3		-

Lazard Brothers & Co. Ltd

Property Jan 3	£2380.0	2675.0		6.00
Inc Gth Prp Apr 16	£1325.8	1460.0		7.20

Lazard Investors Ltd ‡‡
Exempt Funds

Small Co's July 25	£3426.6	3597.xd		4.52
European July 25	£530.4	536		2.25
American July 25	£354.9	368.5		2.00

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	107.3	113.3	-0.2	-
Pension Managed Fd	105.8	111.3	-0.5	-
Life Deposit Fd	108.3	114.0	-0.1	-
Pension Deposit Fd	113.8	119.8	----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	110.6	116.5	-0.2	-
Managed Growth	136.9	144.2	-0.3	-
Managed Opportunity	138	145.3	-0.2	-
NFMC Target Financial	102.8	108.3	-0.4	-
Pension Funds				
Managed Cautionary	121.1	127.5	-0.2	-
Managed Growth	145	152.7	-0.4	-
Managed Opportunity	138.3	145.6	-0.2	-
NFMC Target Mngd Pen	1536.9	1617.8	-6.4	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	164.2	172.9	----	-
UK Equity	174.0	183.2	----	-
Overseas Equity	135.8	143.0	----	-
Fixed Interest	146.9	154.7	----	-
Property	130.9	137.8	----	-
Index Linked	146.9	154.7	----	-
Deposit	158.8	167.2	----	-
With Profits (B)	130.1	137.0	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	354.4	373.1	-1.3	-
UK Equity	448.2	471.8	-3.0	-
Overseas Eq.	348.1	366.5	+0.4	-
American	284.7	299.7	-2.0	-
Far East	378.9	398.9	+0.3	-
Property	191.5	201.6	----	-
Fixed Int.	259.0	272.7	+0.1	-

Prosperity Life Assurance Ltd
1 Sessions Yd Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	153.0	162.0	-0.5	-
Accum Equity	220.0	232.0	-1.0	-
Accum Managed	228.5	241.0	-0.5	-
Accum Five Star	171.0	180.5	----	-
Accum World	125.0	132.0	-0.5	-
Accum Lifetime	110.7	110.7	-0.1	-
Pens Acc Equity	238.0	251.0	-1.0	-
Pens Acc Managed	285.0	300.5	-1.0	-
Pens Acc Intl	214.0	225.5	-0.5	-
Pens Acc Deposit	201.5	212.5	----	-
Pens Acc Five Star	187.0	197.0	-1.0	-

Providence Capital Life Ass. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	227.3	239.8	-1.3	-
UK Fixed Int Acc	176.7	186.4	+0.1	-
Intl Equities Acc	177.2	187.0	-0.3	-
UK Managed Acc	174.7	184.2	-0.7	-
Property Acc	224.0	236.3	----	-
Money Acc	130.3	137.5	+0.1	-
Special Market Acc	143.1	151.0	----	-
Japan Equity Acc	102.0	107.7	----	-
North American Acc	107.1	113.0	-0.2	-
Pacific Acc	96.6	101.9	-0.2	-
Technology Acc	123.8	130.6	-2.3	-
Nat Resources Acc	61.1	64.5	-1.3	-
European Acc	101.8	107.4	-0.1	-
Residential Prop Acc	96.2	102.5	----	-
Swiss Equities Acc	34.8	36.8	-0.3	-
Hong Kong Acc	69.6	73.5	-0.3	-
UK High Inc Eq Acc	73.0	77.1	-0.4	-
Int Fixed Interest Acc	57.6	60.8	+0.1	-
Int Managed Acc	56.8	59.9	----	-
HIP Managed Acc	117.5	123.9	-0.6	-
HIP Managed II Acc	100.5	106.0	-0.2	-
HIP Managed III Acc	107.6	113.5	-0.2	-
Total Investment Bond				
UK Equity Initial		154.6	-0.8	-
UK Fixed Int Initial		120.4	+0.1	-
Intl Equities Initial		119.9	-0.2	-
UK Managed Initial		119.0	-0.5	-
Property Initial		153.7	----	-
Money Initial		89.2	----	-
Special Market Initial		111.2	----	-
Japan Equity Initial		79.3	----	-
North American Initial		83.2	-0.2	-
Pacific Initial		75.0	-0.1	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

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IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar rallies against D-Mark

THE DOLLAR recovered yesterday the 2 pfennigs lost against the D-Mark on Wednesday. This was largely based on covering of short positions in *expectation that today's US* gross national product figure for the second quarter will be strong.

The currency eased back initially following news that the numbers claiming first time unemployment benefit in the *US rose by 30,000* in the week ending July 13, against market expectations of 11,000, but the data had little lasting impact.

After Wednesday's disappointing figures on US durable goods orders the market is waiting to see whether today's GNP news points towards a fast recovery from recession. Economists are looking for *growth of around 1 per cent*, compared with a fall of 2.8 per cent in the first quarter.

There was a warning however from the US National Association of Manufacturers of an "unusually slow" economic recovery, coupled with a call for gradual further reductions in short-term interest rates.

The association also said "we expect a slow recovery with GNP advancing at only a *2.8 per cent* rate" over the next four quarters. It added that the dollar is likely to peak in the *third quarter and will then fall.*

At the London close the dollar had climbed to DM1.7560 from DM1.7360; to Y138.85 from Y137.30; to SFr1.5305 from SFr1.5110; and to FFr5.9675 *from FFr5.9025. On Bank of* England figures the dollar's index climbed to 67.0 from 66.5.

The Japanese yen moved in line with European currencies, but was nervous on speculation that there may be more revelations from Tokyo about *financial scandals.*

Sterling lost ground to the dollar, but was little changed against its partners in the European exchange rate mechanism recovering from slight early weakness. Trading was generally quiet with no fresh factors to move the pound.

It fell 1.80 cents to $1.6750 and was unchanged at Y232.50, *but rose to DM2.9425* from DM2.9400; to FFr9.9950 from FFr9.9925; and to SFr2.5625 from SFr2.5575. *Sterling's index* lost 0.2 to 90.8.

The D-Mark was steady in the ERM and against the Japanese yen, finishing unchanged in London at Y79.10. The market continues to wait for news *on German inflation* in July, after recent figures from some states showed the highest cost of living rises for 10 years.

Among other members of the ERM the French franc stayed very slightly above the weakest placed Danish krone. In *Paris the strongest currency* in the ERM, the Spanish peseta, was fixed at a six-week high against the franc, rising to FFr5.4515 per 100 pesetas from FFr5.4480. Its ceiling is FFr5.4785.

This followed a rise of ¼ point to 12¼ per cent in the average yield at yesterday's tender for three-month Spanish *Treasury bills.*

The peseta finished generally firmer in the ERM, but *remained within its agreed limits.*

£ IN NEW YORK

July 25	Latest	Previous Close
£ Spot	1.6730-1.6740	1.6905-1.6915
1 month	0.74-0.72pm	0.77-0.75pm
3 months	2.09-2.06pm	2.12-2.10pm
12 months	6.37-6.27pm	6.28-6.18pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 25	Previous
8.30 am	90.8	90.9
9.00 am	90.8	91.0
10.00 am	90.8	90.9
11.00 am	90.8	91.0
Noon	90.8	90.9
1.00 pm	90.9	90.9
2.00 pm	90.8	91.0
3.00 pm	90.9	91.0
4.00 pm	90.8	91.0

CURRENCY MOVEMENTS

Jul 25	Bank of England Index	Morgan** Guaranty Changes %
Sterling	90.8	-20.5
U.S Dollar	67.0	-12.1
Canadian Dollar	105.6	+2.5
Austrian Schilling	108.6	+10.5
Belgian Franc	110.1	-2.7
Danish Krone	107.5	+2.4
D-Mark	116.4	+23.4
Swiss Franc	109.0	+18.1
Dutch Guilder	112.8	+15.1
French Franc	101.7	-13.8
Lira	98.3	-19.9
Yen	136.9	+69.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Jul 24

CURRENCY RATES

Jul 25	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.791894	0.698051
U.S Dollar	5.50	1.33355	1.17587
Canadian $	8.95	1.53665	1.35448
Austrian Sch	7	16.4253	14.4561
Belgian Franc	7.50	47.9378	42.2842
Danish Krone	9	9.01480	7.94004
D-Mark	6.50	2.33262	2.05377
Dutch Guilder	7.75	2.62989	2.31516
French Franc	10¼	7.92795	6.97936
Italian Lira	11½	1738.68	1529.92
Japanese Yen	5.50	182.896	161.858
Norway Krone	8	9.07481	8.01001
Spanish Peseta	-	145.529	128.048
Swedish Krona	10.00	8.43070	7.43442
Swiss Franc	6.00	2.02633	1.79085
Greek Drach	19	N/A	225.426
Irish Punt	-	N/A	0.768340

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Jul 24

OTHER CURRENCIES

Jul 25	£	$
Argentina	16918.5 - 16954.8	9972.00 - 9982.00
Australia	2.1660 - 2.1675	1.2920 - 1.2930
Brazil	556.515 - 567.000	337.600 - 337.900
Finland	7.0770 - 7.0980	4.2100 - 4.2130
Greece	318.900 - 335.300	189.380 - 193.200
Hong Kong	12.9875 - 13.0035	7.7500 - 7.7530
Iran	112.00*	70.00*
Korea(Sth)	1219.35 - 1239.00	724.20 - 730.00
Kuwait	0.49455 - 0.49470	0.29170 - 0.29180
Luxembourg	60.40 - 60.50	36.05 - 36.15
Malaysia	4.6645 - 4.6725	2.7820 - 2.7840
Mexico	5050.15 - 5060.85	3015.00 - 3016.00
N.Zealand	2.9455 - 2.9490	1.7570 - 1.7590
Saudi Ar	6.2795 - 6.3560	3.7500 - 3.7510
Singapore	2.9400 - 2.9465	1.7490 - 1.7510
S.Af (Cm)	4.7985 - 4.8095	2.8700 - 2.8730
S.Af (Fn)	5.3910 - 5.4785	3.2155 - 3.2680
Taiwan	45.10 - 45.20	26.90 - 26.95
U.A.E.	6.1475 - 6.2245	3.6715 - 3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 25	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.048	-4.18	5.67	73
Italian Lira	1538.24	1529.92	-0.54	1.80	33
Belgian Franc	42.4032	42.2842	-0.28	1.54	20
D-Mark	2.05586	2.05377	-0.10	1.35	15
Dutch Guilder	2.31643	2.31516	-0.05	1.31	9
Irish Punt	0.767417	0.768340	0.12	1.13	0
Sterling	0.696904	0.698051	0.16	1.08	-4
French Franc	6.89509	6.97936	1.22	0.03	-60
Danish Krone	7.84195	7.94004	1.25	0.00	-51

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6745 - 1.6875	1.6745 - 1.6755	0.73-0.71cpm	5.16	2.08-2.05pm	4.93
Canada	1.9285 - 1.9455	1.9290 - 1.9300	0.39-0.31cpm	2.18	1.11-0.98pm	2.17
Netherlands	3.3075 - 3.3200	3.3100 - 3.3200	⅝-½cpm	2.04	1⅝-1½pm	1.81
Belgium	60.30 - 60.65	60.40 - 60.50	13-9cpm	2.18	31-26pm	1.89
Denmark	11.3375 - 11.3775	11.3425 - 11.3525	2-1¼orepm	1.72	4⅝-3⅝pm	1.45
Ireland	1.0975 - 1.1040	1.1000 - 1.1010	0.10-0.05ppm	0.82	0.30-0.20pm	0.91
Germany	2.9350 - 2.9450	2.9400 - 2.9450	⅝-½pfpm	2.29	1⅜-1¼pm	1.78
Portugal	250.70 - 252.40	251.40 - 252.40	91-177cdis	-6.38	253-273dis	-4.18
Spain	182.75 - 183.65	183.00 - 183.30	24-30cdis	-1.77	72-86dis	-1.73
Italy	2185.90 - 2195.50	2188.75 - 2189.75	par-2liredis	-0.55	2-4dis	-0.55
Norway	11.4400 - 11.4775	11.4400 - 11.4500	1-⅜orepm	0.72	2¼-1½pm	0.68
France	9.9825 - 10.0100	9.9900 - 10.0000	1½-1¼cpm	1.65	3⅝-3¼pm	1.38
Sweden	10.6170 - 10.6575	10.6225 - 10.6325	1-¾orepm	0.78	1¾-⅝pm	0.45
Japan	231.40 - 233.00	232.00 - 233.00	¾-⅝ypm	3.87	2¼-2pm	3.66
Austria	20.65 - 20.70	20.66 - 20.69	4½-3½gpm	2.29	10¼-7¾pm	1.75
Switzerland	2.5575 - 2.5675	2.5575 - 2.5675	¾-⅝cpm	3.22	2¼-1⅞pm	3.12
Ecu	1.4280 - 1.4360	1.4300 - 1.4310	0.16-0.11cpm	1.13	0.38-0.30pm	0.95

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.72-3.67cpm. 12 Month 6.36-6.26cpm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 25	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6745 - 1.6875	1.6745 - 1.6755	0.73-0.71cpm	5.16	2.08-2.05pm	4.93
Ireland†	1.5220 - 1.5340	1.5240 - 1.5250	0.49-0.44cpm	3.66	1.50-1.40pm	3.80
Canada	1.1495 - 1.1530	1.1515 - 1.1525	0.27-0.30cdis	-2.97	0.78-0.83dis	-2.80
Netherlands	1.9625 - 1.9795	1.9785 - 1.9795	0.50-0.53cdis	-3.12	1.55-1.60dis	-3.18
Belgium	35.85 - 36.15	36.05 - 36.15	8.00-10.00dis	-2.99	16.50-20.50dis	-2.05
Denmark	6.7350 - 6.7815	6.7725 - 6.7775	1.80-2.10oredis	-3.45	5.60-6.20dis	-3.48
Germany	1.7400 - 1.7565	1.7555 - 1.7565	0.43-0.45pfdis	-3.01	1.38-1.40dis	-3.17
Portugal	149.65 - 150.40	150.25 - 150.35	145-170cdis	-12.57	350-400dis	-9.98
Spain	108.65 - 109.45	109.30 - 109.40	62-66cdis	-7.02	181-188dis	-6.75
Italy	1297.00 - 1307.25	1306.75 - 1307.25	5.80-6.30liredis	-5.55	17.40-18.40dis	-5.48
Norway	6.7940 - 6.8350	6.8300 - 6.8350	2.40-2.70oredis	-4.48	7.15-7.65dis	-4.33
France	5.9185 - 5.9700	5.9650 - 5.9700	1.75-1.81cdis	-3.58	5.22-5.32dis	-3.53
Sweden	6.3025 - 6.3545	6.3425 - 6.3475	2.20-2.45oredis	-4.40	6.95-7.40dis	-4.52
Japan	137.30 - 139.05	138.80 - 138.90	0.15-0.17ydis	-1.38	0.44-0.46dis	-1.30
Austria	12.2580 - 12.3525	12.3300 - 12.3350	2.95-3.35grodis	-3.07	9.40-10.60dis	-3.24
Switzerland	1.5175 - 1.5315	1.5300 - 1.5310	0.23-0.26cdis	-1.92	0.70-0.75dis	-1.89
Ecu	1.1705 - 1.1800	1.1705 - 1.1715	0.41-0.39cpm	4.10	1.19-1.16pm	4.01

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jul 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	11¼ - 11	11¼ - 11	11¼ - 11⅛	11¼ - 11⅛	11 - 10⅞	10⅞ - 10¾
US Dollar	5¾ - 5⅝	5⅞ - 5¾	6 - 5⅞	6⅛ - 5⅞	6⅛ - 6	6⅜ - 6¼
Can. Dollar	8¾ - 8½	8¾ - 8½	8¾ - 8½	8¾ - 8⅝	8¾ - 8½	8⅞ - 8¾
Dutch Guilder	9¼ - 8¾	9¼ - 8¾	9⅛ - 8⅞	9¼ - 9⅛	9⅜ - 9¼	9½ - 9⅜
Swiss Franc	7¼ - 6¾	7¼ - 6¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾	7⅞ - 7¾
D-Mark	8¾ - 8½	8⅞ - 8¾	9 - 8¾	9¼ - 9⅛	9½ - 9⅜	9⅝ - 9½
French Franc	9⅝ - 9½	9⅝ - 9½	9½ - 9⅜	9⅝ - 9½	9¾ - 9⅝	9⅞ - 9¾
Italian Lira	12 - 10	11½ - 10¼	11⅝ - 11⅛	11⅞ - 11⅝	11¾ - 11½	12⅛ - 11⅞
Belgian Franc	8⅞ - 8⅝	8⅞ - 8⅝	9 - 8¾	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½
Yen	7½ - 7¼	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½	7⅛ - 7
Danish Krone	9¾ - 9¼	9¾ - 9¼	9⅜ - 9¼	9⅝ - 9½	9¾ - 9⅝	9⅞ - 9¾
Asian $Sing	4⅞ - 4¾	5⅜ - 5¼	5⅝ - 5½	5⅝ - 5½	5¾ - 5⅝	6 - 5⅞

Long term Eurodollars: two years 7⅜-7¼ per cent; three years 7¾-7⅝ per cent; four years 8⅛-8 per cent; five years 8⅜-8¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 25	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.675	2.943	232.5	9.995	2.563	3.315	2189	1.930	60.45	1.431
$	0.597	1	1.757	138.8	5.967	1.530	1.979	1307	1.152	36.09	0.854
DM	0.340	0.569	1	79.00	3.396	0.871	1.126	743.8	0.656	20.54	0.486
YEN	4.301	7.204	12.66	1000.	42.99	11.02	14.26	9415	8.301	260.0	6.155
F Fr.	1.001	1.676	2.944	232.6	10.	2.564	3.317	2190	1.931	60.48	1.432
S Fr.	0.390	0.654	1.148	90.71	3.900	1	1.293	854.1	0.753	23.59	0.558
H Fl.	0.302	0.505	0.888	70.14	3.015	0.773	1	660.3	0.582	18.24	0.432
Lira	0.457	0.765	1.344	106.2	4.566	1.171	1.514	1000.	0.882	27.62	0.654
C $	0.518	0.868	1.525	120.5	5.179	1.328	1.718	1134	1	31.32	0.741
B Fr.	1.654	2.771	4.868	384.6	16.53	4.240	5.484	3621	3.193	100.	2.367
ECU	0.699	1.171	2.057	162.5	6.985	1.791	2.317	1530	1.349	42.24	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Sep	90.62	90.67	90.61	90.64
Dec	90.58	90.63	90.56	90.61
Mar	90.78	90.83	90.78	90.80
Jun	90.94	90.97	90.92	90.96
Sep	91.07	91.07	91.01	91.09
Dec	91.26			91.30

Estimated volume 16506 (31755)
Previous day's open int. 109358 (104438)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Sep	90.03	90.05	90.01	90.05
Dec	90.14	90.16	90.11	90.14
Mar	90.38			90.34
Jun	90.52			90.53

Estimated volume 265 (318)
Previous day's open int. 4713 (4691)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Sep	92.17	92.18	92.15	92.14
Dec	92.34	92.36	92.33	92.34
Mar	92.61	92.63	92.60	92.58
Jun	92.87	92.89	92.86	92.87

Estimated volume 2390 (2538)
Previous day's open int. 16298 (15924)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	2612.0	2616.0	2597.0	2618.0
Dec	2653.0	2646.0	2646.0	2659.0
Mar				

Estimated volume 5452 (6464)
Previous day's open int. 36492 (36306)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Sep	1126.5	1123.0	1123.0	1129.5
Dec				

Estimated volume 1 (68)
Previous day's open int. 211 (211)

* Contracts traded on APT after trading hours

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6750	1.6678	1.6544	1.6381	1.6119

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Sep	1.6704	1.6756	1.6696	1.6796
Dec	1.6520	1.6570	1.6510	1.6614
Mar	1.6440	1.6440	1.6380	1.6474

Open int N/A N/A N/A N/A N/A N/A
Estimated volume 22,409 Total Open Interest N/A

BASE LENDING RATES

	%		%		%
ABN Bank	11	Co-operative Bank	11	McDonnell Douglas Bnk.	11
Adam & Company	11	Coutts & Co	11	Midland Bank	11
Allied Trust Bank	11	Cyprus Popular Bk	11	Mount Banking	11
AIB Bank	11	Dunbar Bank PLC	11	NatWestminster	11
● Henry Ansbacher	11	Duncan Lawrie	11	Northern Bank Ltd	11
B & C Merchant Bank	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Bank of Baroda	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Banco Bilbao Vizcaya	11	Financial & Gen. Bank	12	Roxburghe Bank Ltd.	12.5
Bank of Cyprus	11	First National Bank Plc.	14	Royal Bk of Scotland	11
Bank of Ireland	11	● Robert Fleming & Co.	11	● Smith & Williamson Secs.	11
Bank of India	11	Robert Fraser & Ptnrs.	11½	Standard Chartered	11
Bank of Scotland	11	Girobank	11	TSB	11
Banque Belge Ltd	11	● Guinness Mahon	11	Unibank plc	11
Barclays Bank	11	● Hambros Bank	11	● United Bk of Kuwait	11
Benchmark Bank	11.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
Brit Bk of Mid East	11	Heritable & Gen Inv Bnk.	11	Western Trust	11
● Brown Shipley	11	● Hill Samuel	11	Westpac Bank Corp.	11
CL Bank Nederland	11	C. Hoare & Co.	11	Whiteaway Laidlaw	11
Citibank NA	11	Hongkong & Shanghai	11	Yorkshire Bank	11
City Merchants Bank	11	● Leopold Joseph & Sons	11		
Clydesdale Bank	11	Lloyds Bank	11		
Comm. Bk. of London Plc	11	Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

A firmer tone

INTEREST RATES had a firm tone in London yesterday, on sterling's early weakness in *the ERM* and as *the* threat of higher official German rates overhung the money market.

Three-month interbank was quoted at 11¼-11⅛, compared with 11⅜-11¼ per cent, and 12-month money rose to 10⅞-10¾ from 10¾-10⅝ per cent.

Short sterling futures traded quietly on Liffe, with volume beginning to shift from September to December delivery.

UK clearing bank base lending rate 11 per cent from July 12, 1991

The near month expires on *September 18 and traders are* beginning to doubt whether there will be a cut in bank base rates before then. This is encouraging a move sell September and buy December, because if there is no change in rates December will *probably track September*, but if there is a cut before mid-September the market will look for another reduction before the year-end.

September short sterling opened unchanged at 89.28 and touched 89.26, before closing at *89.29. December* delivery rose to 89.71 from 89.68.

There was another large shortage of day-to-day credit on the cash market, but unlike *Wednesday no attempt by the* Bank of England to take out most of the shortage early in the day. *The shortage was* initially estimated at £1,100m, but this was revised to £1,000m at noon and to £850m in the afternoon. Total assistance of £755m was provided.

In early operations the Bank of England bought only £43m *bills, all for resale to the* market in equal amounts on August 12 and 13 at a rate of 10⅞ per cent. Before lunch another £181m bills were purchased, including £111m outright, by way of £49m bank bills in band 1 at 10¾ per cent and £62m bank bills in band 2 at £62m. A further £70m bills were bought for resale to the market on August 12 and 13 at 10⅞ per cent.

In the afternoon £391m bills were purchased outright, via £58m Treasury bills in band 1 at 10¾ per cent; £251m bank bills in band 1 at 10¾ per cent; £30m Treasury bills in band 2 at 10¾ per cent; and £52m bank bills in band 2 at 10¾ per cent. *Late assistance of around* £140m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £550m, with the unwinding of bill repurchase agreements absorbing £228m; exchequer transactions £180m; a rise in the note circulation £95m; and bank balances below target £65m.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 25) 3 months US dollars		6 months US Dollars	
bid 5 15/16	offer 6 1/16	bid 6 1/16	offer 6 3/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	8½	One month	6.19	Three year	7.22
Broker loan rate	7¾	Two month	5.67	Four year	7.40
Fed funds	5¾	Three month	5.74	Five year	7.80
Fed funds at intervention	-	Six month	5.95	Seven year	8.05
		One year	6.22	10-year	8.19
		Two year	6.87	30-year	8.39

July 25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.75-8.85	8.80-8.95	8.85-9.00	8.95-9.10	9.20-9.35	9.00
Paris	9⅝-9½	9¼-9⅛	9¼-9⅛	9⅜-9¼	9⅝-9½	9.25
Zurich	7¾-7⅝	7⅞-7¾	-	7⅞-8	-	-
Amsterdam	8.30-8.45	8.93-9.03	-	9.10-9.20	-	-
Tokyo	7⅝-7½	7⅝-7⅞	-	7⅝-7½	-	-
Milan	10¾-11	11⅛-11⅜	-	11⅜-11⅝	-	-
Brussels	8.81-8.94	8¾-9	-	9¼-9⅜	-	-
Dublin	9-9¼	9⅞-9⅞	9⅞-9⅞	9⅞-10⅛	10-10¼	-

LONDON MONEY RATES

Jul 25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12	11⅛	11⅛	11⅛	11	10¾
Interbank Bid	11	11	11⅛	11	10¾	10¾
Sterling CDs	-	-	11⅛	11⅛	10¾	10⅞
Local Authority Deps.	11⅛	11⅛	11⅛	11⅛	10¾	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	11	10¾	10¾	-	-
Company Deposits	-	-	11¼	11⅛	10⅞	11
Finance House Deposits	-	-	11¼	11⅛	10⅞	10⅞
Treasury Bills (Buy)	-	-	10⅞	10¾	10⅝	-
Bank Bills (Buy)	-	-	10⅞	10⅞	10⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.93	6.02	6.27	6.60
SDR Linked Dep. Offer	-	-	7⅜	7⅜	7¾	7⅞
SDR Linked Dep. Bid	-	-	7⅜	7¼	7⅝	7¾
ECU Linked Dep. Offer	-	-	9⅞	10	10⅛	10¼
ECU Linked Dep. Bid	-	-	9¾	9⅞	10⅛	10

Treasury Bills (sell): one-month 10 13/16 per cent; three months 10½ per cent; six months 10 5/16 per cent; Bank Bills (sell): one-month 10¾ per cent; three months 10 9/16 per cent; Treasury Bills: Average tender rate of discount 10.4912 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day June 28, 1991. Agreed rates for period July 24, 1991 to August 25, 1991, Scheme I: 12.50 p.c., Schemes II & III: 12.53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme IV&V: 11.295 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ from July 1, 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 10 per cent; three-six months 9½ per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7½ per cent from July 15, 1991, Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

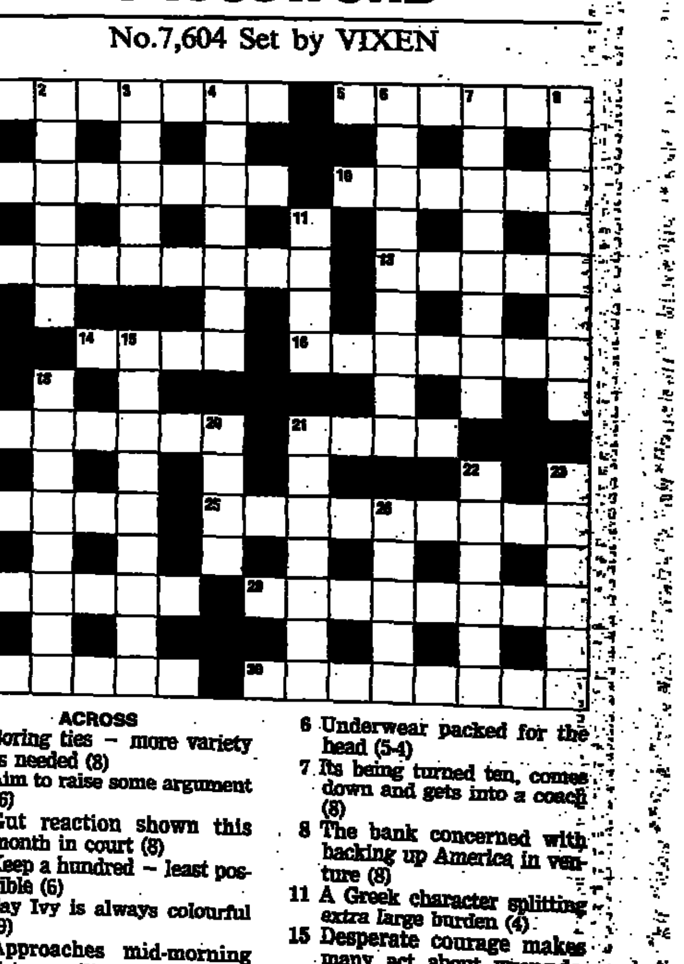
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,604 Set by VIXEN



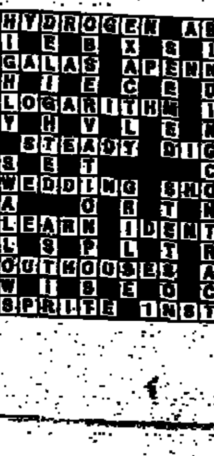
ACROSS

1 Boring ties – more variety is needed (8)
5 Aim to raise some argument (6)
9 Gut reaction shown this month in court (8)
10 Keep a hundred – least possible (6)
12 Say Ivy is always colourful (9)
13 Approaches mid-morning listeners (5)
14 Having no work, some will become avid letter-writers (4)
16 A musician breaking down in tears (7)
19 Cracks about safe havens (7)
21 A woman caught the lion (4)
24 A Liberal – one "in another place" (5)
25 To limit alcoholic drink would be a reasonable solution (9)
27 Do battle for commission (6)
28 Fine royal personage showing consideration (8)
29 A sailing man with no money backing a big fish (6)
30 The peacemaker appears upset about one point (8)

DOWN

1 Made bad deal, it followed (6)
2 Somewhat less prudent when there's appetising food! (6)
3 Thoroughfare in the German capital giving some trouble (5)
4 The mace used as a weapon (7)
6 Underwear packed for the head (5-4)
7 Its being turned ten, comes down and gets into a coach (8)
8 The bank concerned with backing up America in venture (8)
11 A Greek character splitting extra large burden (4)
15 Desperate courage makes many act about wrong-doing (7-2)
17 Means of protection for people in a tram maybe (8)
18 A spaniel returned after three months (8)
20 Dry piece of verse rewritten (4)
21 Overtake – the sauce! (6)
22 Clothing got through customs (6)
23 A church official seemingly on edge (6)
26 The cat weighing very little (5)

Solution to Puzzle No.7,603



WORLD STOCK MARKETS

AUSTRIA

July 25	Sch	+ or −
Austrian Airlines	2,990	−10
Creditanstalt	605	−8
EA General	4,001xi	−19
EVN	837	−3
[illegible]	9,600	....
Laenderbank	1,060	−20
OeMV	877	+7
Perlmooser Zement	1,680	−10
Radex Heraklith	745	+1
Reininghaus Brau	2,000	....
Steyr Daimler	372	−6
Veitscher Magnesit	570xi	−2
Verbund (Br) A	905	+2
Wienerberger	5,410	−20

BELGIUM/LUXEMBOURG

July 25	Frs.	+ or −
ACEC-Union Min	2,300	−20
Arbed	4,255	−50
BBL	2,740	....
Bank Intl a Lux	10,400	....
Banq Gen Lux Pts	12,900	....
Barco	1,108	−2
Bekaert	9,250	−100
CBR Ciment	7,940	−110
Cobepa	4,980	−20
Cobepa AFV 1	4,970	−10
Cockerill Priv	176	+3
Colruyt	3,475	−10
Delhaize Frs Lion	7,770	−30
Electrabel	4,400	−10
Electrabel AFV	4,330	....
Electrafina ACT	2,890	−10
Fabrique Nat	117	....
GBL	3,415	....
GBL AFV 1	3,400	....
GIB Group	1,280	....
GIB Group AFV	1,280	−10
Gechem	674	−6
Gechem AFV	662	−50
Generale Banque	5,010	−10

FRANCE (continued)

July 25	Frs.	+ or −
Beghin Say Cert Inv	448xd	+18
Bongrain	2,311	+1
Bouygues	588	+9
CGIP	1,066	+17
C M B Packaging	146.50	−1.80
Canal+	1,067	+8
Cap Gemini S	352.80	+5.90
Carrefour	1,915	−12
Casino	137.60	+3
Cetelem	718	+15
Chargeurs	788	+16
Club Mediterranee	439	+7
Cogifi	319	+9
Coparex	566	....
C C F	144.40	+0.50
Cr Fonc France	1,123	−9
Cred Lyon (CI)	500	+6.90
Credit Nationale	1,137	−24
Damart	2,011xd	+26
Docks de France	374.90	+3.90
Dollfus Mieg Cie	332.90	−2
EBF	720	....
Eaux Cie Genl	2,374xd	−17
Ecco	360	−5
Elf-Aquitaine	354.40	−1.60
Elf-Aquitaine Certs	219	−1
Essilor Intl	335.10	−2.90
Etex	1,700	+8
Eurafrance	1,570	−30
Eurocom	784xd	−1
Euro Disney	127	+3
Exor	1,360	+10
Finextel	117	+2
Fonc Lyonnaise	692xd	+17
From C et Auv	2,200	....
GTM-Entrepose	432	+0.10
Gal. lafayette	1,515	−15
Gaumont (Soc N)	828	+3
Gen Occidentale	769	....
Geophysique	755	−10
Hachette	182.90	+4.90
Havas	474xd	+1
Imetal	264.10	+0.10
Imm de France	1,140	+31

CANADA

Sales	Stock	High	Low	Close	Chng
700	Can Tire x	$27	26½	27	
56800	CanTire A x	$26¼	26	26¼	
2200	Can Util A	$19	18⅞	19	+⅛
900	Can Util B	$18¾	18¾	18¾	
28800	Canamax	38	d33½	33½	−1½
17200	Canfor	$25⅞	25¾	25⅞	+⅛
300	CnPcForest	$32	32	32	
4000	Cara Op	$6⅛	6	6	
9300	Carena Dev	$13⅝	13½	13⅝	
17400	Cascades	600	600	600	−12½
200	Celanese	$38¼	38¼	38¼	
18100	Cntrl Cap	295	d275	300	
2000	Cinepx Odn	485	480	485	+5
4200	Cntrl Fd A	500	495	500	
1400	Iveco A	475	475	475	−5
4700	Jannock	$15½	15½	15½	−¼
3700	KerrAddis	$17	17	17	+¼
61500	Labatt	$24⅞	24½	24¾	+⅛
306500	Lac Minls	$10¼	10	10⅛	−⅛
300	Lafarge	$18½	18½	18½	
1800	Laidlaw A	$13½	13¼	13¼	−⅛
172700	Laidlaw B	$13½	13¼	13⅜	+⅛
300	Laurent Bk	$17½	17½	17½	
200	Laurent Gp	$7⅛	7⅛	7⅛	
6300	Lawson Mar	$8⅞	8¾	8⅞	
100	Rayrock	$7½	7½	7½	
4800	Reed Sten	$25	24⅞	24⅞	
6200	Reitman S x	u$18	18	18	
2200	Ren'ssance	$15⅛	15	15	−⅛
18500	Repap Ent	$7	7	7	
1800	Rio Algom	$15⅛	15	15⅛	−⅛
300	Rogers A	$11	11	11	
33600	Rothmans	u$82	82	82	
120200	RoyalBkCan x	$26⅛	25½	25⅝	+⅛
215800	RylTrustco	$9¼	9	9¼	
600	StLawCm A	$15	15	15	+⅛
6700	Sceptre Rs	305	300	305	
7700	Cascades	$5½	4⅝	4⅝	−⅜
700	DomInTxt A	$7⅛	7⅛	7⅛	−⅛
1500	MacleanHnt	$10½	10½	10½	
2600	Memotec	$9¾	9½	9¾	
8600	NatBk Can	$11	10⅞	11	+⅛
911500	Provigo	$11¾	11½	11¾	
400	Quebecor A	$17⅛	17⅛	17⅛	−⅛
20700	Videotron	$14	14	14	

Total Sales 19,984,600 shares

INDICES

NEW YORK

DOW JONES	July 24	July 23	July 22	July 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	2966.23	2983.23	3012.97	3016.32	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.86	94.70	94.51	94.54	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1193.58	1202.40	1212.27	1218.09	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	200.52	200.26	200.64	200.08	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 3005.13 (3038.24) Low 2950.80 (2972.94)

STANDARD AND POOR'S

	July 24	July 23	July 22	July 19	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	378.64	379.42	382.88	384.22	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	451.11	452.05	456.83	458.37	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	29.92	30.11	30.28	30.62	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	207.69	208.22	209.95	210.63	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	364.81	367.38	368.69	368.96	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	487.42	489.65	494.99	497.55	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 19	July 12	July 5	year ago (approx.)
Dow Industrial Div. Yield	3.04	3.08	3.14	3.64

	Jul 17	Jul 10	Jul 3	year ago (approx.)
S & P Industrial div. yield	2.74	2.79	2.81	2.87
S & P Indl. P/E ratio	19.74	18.89	18.77	17.29

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Nabisco (RJ)	3,826,100	11	- ½
Pepsico	2,315,000	29⅝	+ ⅝
Computer Assoc	2,307,700	8½	+ ½
Am. Express	2,024,100	24⅞	+ ⅛
Gen. Electric	1,974,500	71⅛	- ⅞
Philip Morris	1,803,700	65⅞	+ ¼
Gen.Pub.Utl.	1,594,600	23¼	---
BankAmerica	1,537,800	34¼	- ⅛
Wollworth	1,505,700	29⅞	---
Avon Prods.	1,497,500	10	+ ⅝

TRADING ACTIVITY

† Volume Millions	July 24	July 23	July 22
New York SE	158.530	160.010	148.880
Amex	11.043	9.286	9.790
NASDAQ	147.251	144.701	127.912
NYSE			
Issues Traded	2,084	2,067	2,085
Rises	662	559	678
Falls	880	1,006	898
Unchanged	542	502	509
New Highs	36	54	62
New Lows	9	11	11

CANADA

TORONTO	July 24	July 23	July 22	July 19	1991 HIGH	1991 LOW
Metals & Minerals	3212.25	3217.36	3258.41	3276.94	3299.99 (18/7)	2632.06 (9/1)
Composite	3518.62	3535.40	3545.40	3561.30	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1866.25	1876.33	1887.96	1900.76	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 25	July 24	July 23	July 22	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1559.0	1572.6	1570.6	1570.3	1572.6 (24/7)	1204.5 (16/1)
All Mining (1/1/80)	699.6	707.2	703.8	706.9	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	472.52	473.05	473.48	480.43	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1128.95	1134.11	1135.92	(c)	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	374.80	376.53	376.91	376.97	380.01 (16/7)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1000.7	997.3	991.9	987.7	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	467.27	467.25	468.12	466.87	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1780.01	1778.07	1768.93	1762.78	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	672.46	677.59	680.58	675.49	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1898.20	1912.1	1919.7	1902.8	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1615.38	1621.69	1632.94	1623.03	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4012.62	4028.77	4009.82	3988.35	4028.77 (24/7)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1399.31	1415.91	1411.65	1399.03	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	571.55	574.03	569.12	568.20	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23332.71	23297.47	22758.98	22705.29	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1818.23	1815.21	1786.62	1786.07	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3065.68	3062.69	3053.42	3078.81	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	599.97	601.28	601.92	595.85	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	280.6	280.6	282.6	280.8	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.9	199.9	201.3	200.1	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	761.10	764.35	769.45	768.22	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	988.91	1003.60	1018.34	(c)	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	404.06	405.07	405.03	402.17	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1284.84	1329.0	1348.0	1410.8	1469.8 (5/7)	971.8 (25/2)
JSE Industrial (28/9/78)	3929.04	3961.0	3981.0	4042.8	4047.0 (19/7)	2829.0 (16/1)
SOUTH KOREA **						
Korea Comp Ex. (4/1/80)	664.32	666.10	658.27	659.51	697.62 (4/1)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	266.92	268.64	270.58	268.32	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1111.60	1126.70	1136.10	1136.10	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	761.3	760.6	765.8	762.8	767.2 (16/7)	598.4 (14/1)
SBC General (1/4/87)	631.3	631.6	635.7	633.9	638.0 (31/5)	487.1 (14/1)
TAIWAN **						
Weighted Price (30/6/66)	5054.58	5005.91	4822.98	4895.84	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	728.59	728.43	706.86	710.61	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	497.3*	499.9	496.3	496.8	529.2 (17/4)	439.1 (16/1)

**Saturday July 20: Taiwan Weighted Price: 5148.13 Korea Comp Ex. 652.74.
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 25 July 1991

	Stocks Traded	Closing Prices	Change on day
Mitsubishi Mtls	7.6m	632	+2
Nippon Steel	6.1m	415	0
Nippon Carbon	4.8m	912	+23
Sumitomo Cmnt	4.4m	648	0
Tokio Marine	4.3m	1,270	+30
Sumitomo Mne	4.0m	969	+29
Yasuda Fire	3.8m	903	+33
Mitsubishi Heavy	3.7m	721	+2
C Itoh	3.4m	680	+17
Osaka Gas	2.8m	519	+14

3:15 pm prices July 25

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16¼	9¼	AAR Corp	0.48	0.03	17	440	u16½	16	16½	+½
18⅝	14½	A L Labs A	0.16	0.01	19	51	17½	17⅜	17⅜	-⅛
56⅞	40⅞	AMP Inc	1.44	0.03	20	1311	53	52¼	52⅞	+⅞
68⅝	44¼	AMR			11	2369	61⅝	59⅞	61⅝	+1⅝
2⅝	1¼	ARX			1	43	1½	1½	1½	
56	41½	ASA	3.60	0.07	14	383	50½	50⅛	50¼	
54	39¼	Abbot Lab	1.00	0.02	21	2122	51⅝	51⅛	51⅝	+⅜
14½	9⅞	Abitibi Pr	0.50	0.04	25	11	13⅞	13¾	13¾	
11⅛	10⅞	ACM Gvt In	1.26	0.12		1368	11	10¾	10⅞	
9⅞	8¾	ACM GvOpp	1.01	0.11		131	9¼	9⅛	9¼	+⅛
9¼	8¼	ACM Gvt Sp	1.01	0.11		265	9	8⅞	9	+⅛
11	9⅞	ACM Gvt Se	1.26	0.12		172	10½	10⅜	10½	
8⅞	7⅝	ACM Man	1.01	0.12		88	8¼	8⅛	8¼	
12⅞	11½	ACM Managd	1.35	0.11		228	12¼	12⅛	12¼	+⅛
7½	4⅞	Acme Cleve	0.40	0.06	17	13	6⅝	6⅝	6⅝	+⅛
8	3½	Acme Elect			38	z100	3⅞	3⅞	3⅞	
40	22¾	Acuson			25	1036	33⅞	33¼	33½	+⅜
18½	14¼	Adams Expr	0.48	0.03	0	36	18¼	18	18¼	+⅛
20⅛	17⅝	Adobe12Pl x	2.40	0.13		41	18	17⅞	18	+⅛
9¼	6¾	Adobe Res			21	2	7⅞	7⅞	7⅞	
22½	15¾	Belding Hy	0.64	0.04	43	5	17½	17¼	17½	
54	40¾	Bell Atlan	2.52	0.05	14	856	48¾	47¾	48⅛	+½
13⅝	9⅜	Bell Indus x	0.40	0.04	9	180	10	10	10⅛	+⅛
55	48¼	BellSouth	2.76	0.06	14	987	47	46⅝	46⅞	
33¾	26⅛	Belo AH A	0.52	0.02	23	102	30⅞	30⅜	30⅝	+⅛
41¼	28⅞	Bemis	0.84	0.02	18	32	36¼	36	36¼	+⅛
48¾	44	Benef 4.3P	4.30	0.09		4	46½	46½	46¼	+1¼
51¼	40½	Benef	2.60	0.05	9	374	54½	53⅝	53⅞	-⅜
18⅛	12¾	Benetton A	0.28	0.02	73	78	14¾	14¼	14¼	+⅛

- B -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44¼	35¾	Baxter Prf	3.48	0.08		28	42¾	42⅜	42½	
37⅛	25⅝	Baxter	0.74	0.02	17	2859	33¾	33⅜	33⅝	+⅜
21½	18⅝	Bay St Gas	1.34	0.07	12	30	20⅜	20⅛	20¼	-⅛
22	20	Bd Tr 1836	1.86	0.09		28	21½	21⅛	21⅛	
15⅞	8.95	Bear Strns	0.58	0.04	12	841	15⅛	14⅞	15	+⅛
39	35½	BearStPfA	3.48	0.10		3	u39	39	38	-8
23⅞	15¾	Bearings	0.64	0.03	51	12	21⅞	21⅝	21⅝	
13¾	3⅛	Beazer ADR			13	4780	6⅛	6	6⅛	+⅛
20	13⅞	Beckman In	0.28	0.02	14	228	18¾	18⅝	18½	-¼
81½	64⅛	Becton Dks	1.16	0.02	13	1902	65⅛	d64	64⅛	-⅞

- C -

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Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
200	187¼	Rockwl1.35				z100	195	195	180	−15
29¼	22¾	Rockwl	0.88	0.03	10	1082	27	26⅝	26¼	+¼
8½	3⅜	Rodm&Renz			11	70	4	3⅞	3⅞	−¼
48⅝	32⅞	Rohm&Haas	1.24	0.03	17	375	45⅛	44⅜	45¼	+⅞
28⅝	14⅞	Rohr Inds			15	379	23⅝	23¼	23¼	−⅜
12⅞	6⅛	RollinsEnv	0.08	0.01	181	171	6⅝	6½	6⅜	−⅛
25	16⅝	RollinsInc x	0.56	0.02	19	204	24⅝	24¼	24½	+⅜
13½	7⅛	RollinsTrl.	0.20	0.02	12	255	12½	12¼	12½	
11⅞	7⅞	Rowan Cos.			54	250	8¼	8⅛	8¼	
25	22¼	RoylBkScot	2.81	0.11		37	24½	24⅜	24½	+¼
94¼	73½	RylDutch	4.23	0.05	10	2857	82	81	81¼	−1
11	7½	Royce Val				28	10⅛	10	10	−⅛
54	37	Rubbermaid	0.60	0.01	28	724	53¼	52½	53¼	+2½
14⅞	12½	Ruddick			11	23	14	13⅞	14	+⅛
17½	13	RussBerrie	0.60	0.04	11	27	13¼	13¼	13¼	
7½	4	Russ Togs			1	9	5⅝	5½	5½	
28⅞	18¼	Russell Cp	0.32	0.01	22	791	27½	26⅞	27¼	+⅛
21⅝	14	Ryder Syst	0.60	0.03	26	888	18⅛	18⅜	18½	+⅜
25¼	19¼	Ryland Grp	0.60	0.04	25	56	17¼	16⅞	17¼	−⅛

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- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60⅛	35¼	Xerox	3.00	0.05	10	636	56⅛	55⅜	55⅝	+⅛
51	43¼	Xerox4.125				z100	u51	51	50½	
21¼	14⅛	Xtra 1.94				3	20½	20⅛	20½	
24⅞	14¼	Xtra Corp	0.72	0.03	22	3	22¼	22¼	22¼	
24¼	21⅜	Yankee Egy	1.60	0.07	12	19	22⅞	22⅜	22⅞	+⅛
1½	⅝	Zapata			0	12	⅞	⅞	⅞	−1/16
9⅝	6⅛	ZenithElec			2	61	6⅞	6⅝	6⅝	
18⅛	12	Zenith Nat x	1.00	0.06	73	33	17⅝	17⅝	17⅝	−⅛
8¼	4½	Zenix Inc x	0.84	0.14		21	6	5⅞	5⅞	−⅛
15⅛	10⅞	Zero Corp	0.40	0.03	16	80	14	13⅞	14	
41⅜	29½	Zurn Ind	0.89	0.02	15	216	37½	37	37	−⅜
13½	10¼	Zweig Fund	1.12	0.09		176	12⅝	12½	12½	−⅛
10	8½	Zweig Totl	0.96	0.10		249	u10	9¾	9¾	−⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices July 25

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NASDAQ NATIONAL MARKET

3:15 pm prices July 25

[illegible]

AMERICA

Economic worries conflict with lower interest rates

Wall Street

LOWER long-term interest rates helped share prices rise across the board yesterday morning, but concern about the economy restricted the gains to a minimum, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 5.37 at 2,971.60, having opened slightly weaker. The more broadly-based Standard & Poor's 500 was also higher, rising 1.33 to 379.97 by 1 pm, while the Nasdaq composite of over-the-counter stocks gained 2.37 to 489.79. Turnover on the NYSE was 85m shares by 1 pm.

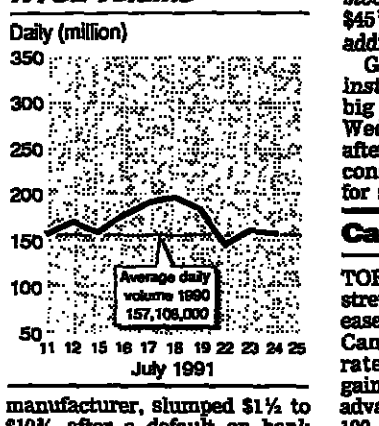
The decline in long-term interest rates to well below 8½ per cent gave the market a modest boost yesterday. However, rates have fallen because the bond market is betting that the Federal Reserve will cut short-term interest rates to revive the economy, which is not so good for the market's hopes of a quick improvement in corporate profits.

There was fresh evidence yesterday that the economic recovery may have ground to halt when the Labor department announced a 30,000 increase in jobless claims during the second week of this month. The rise was bigger than expected.

Motor manufacturers' shares were in the spotlight after two of the big three unveiled second quarter figures. General Motors rose $⅝ to $41 and Ford added $⅜ to $34⅛ after both announced, as expected, large losses during the period due to slumping sales. Chrysler, still to report its earnings, was unchanged at $13⅞.

LA Gear, the sportswear manufacturer, slumped $1½ to $10⅜ after a default on bank agreements forced the company to restate its result for the second quarter. Time Warner slipped $⅛ to $83⅝ on news of its $3.10 a share second quarter loss.

NYSE volume



News of a rise in quarterly income and a big write-off at Digital Equipment lifted the computer manufacturer's shares $3⅛ to $70⅛ in active trading. IBM, its big rival, edged $⅛ higher to $100⅛ after announcing price cuts on its laptop computers.

Among over-the-counter stocks, Microsoft rose $2 to $67½ on turnover of 1.2m shares as buyers acted on news of the company's 73 per cent improvement in second quarter profits. The figures lifted other big secondary technology stocks, with Apple rising $¾ to $45¼, and Sun Microsystems adding $1⅛ at $27⅝.

Gateway Federal, the thrift institution which reported a big second quarter loss on Wednesday, rose $1 to $9¾ after the company said it was considering putting itself up for sale.

Canada

TORONTO rose as continued strength in the Canadian dollar eased fears that the Bank of Canada would raise its key rate. The composite index gained 4.3 to 3,523.0 at midday, advances equalling declines at 190 each on volume of 25.18m shares.

Ranger Oil accounted for about half of the session's volume,as its shares fell C$⅛ to C$8⅝ in 12m shares. Norsk Hydro, the Norwegian oil company, said that it would sell its entire stake of 10m shares in Ranger Oil to the brokerage house RBC Dominion Securities, which planned to sell on the shares to institutions.

New issue sequence lifts German insurers

But the flotations have come at a turbulent time for the sector, writes Richard Lapper

GERMAN insurers have made a big impact on the Frankfurt market in recent weeks, launching two of the biggest equity issues of recent years in the space of a month – and promising more.

Earlier this month BGAG, the trade union-owned holding company, raised over DM800m ($461m) when it sold 25 per cent of the Hamburg-based general insurer Volksfürsorge on the market, reducing its own stake to 25 per cent.

In August Aachener & Münchener (AMB), the holding company for Germany's second biggest insurance group, which also has a 25 per cent stake in Volksfürsorge, will float 25 per cent of its life insurance subsidiary, AML, in a deal which should raise over DM500m.

AMB also said this month that it is planning to market stakes in its Thuringia general insurance subsidiary, and in Central Krankenversicherung, its health insurer.

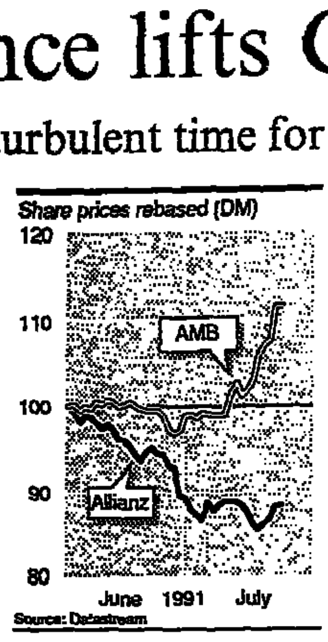
Investors are being presented with these opportunities at a time of turbulence in the sector. A number of leading insurers have underperformed the market consistently over the past 12 months.

Reflecting the uncertainty, Volksfürsorge's issue was over-subscribed but the stock has performed poorly in its first five days of trading, closing yesterday at DM780, down from the DM800 issue price.

Analysts at private bankers Merck Finck say that insurance stocks have been among the worst performers in the past three months, finishing bottom of a league table of 10 sectors in three of the last 11 weeks.

Mr Matthias Welticke, an institutional adviser at Merck Finck, attributes the poor performance to high interest rates, which have depressed bond prices and the value of insurance company portfolios. "The financial sector has been an immediate sell and a first victim of the pessimism of investors towards bond markets," said Mr Welticke.

In addition, investors are also beginning to worry about



the operating results of leading companies, which have traditionally traded on multiples of well over 30.

Germany's highly regulated marketplace for personal lines insurance is changing as the country adapts to European Community regulations which call for greater liberalisation. As it does so, the traditionally wide margins enjoyed by German insurers in the home and motor insurance sectors are coming under pressure, undermining profitability. Although east Germany offers important opportunities in the long term, the chaotic state of the market looks likely to produce some operating losses in the interim.

Liquid or illiquid insurance stocks, represented by Allianz and Colonia, have underperformed the German all-share index over the last 12 months, reflecting these fears.

Allianz, the most liquid, acquired the east German state-owned Deutsche Versicherung last year. It expects to rack up DM500m in losses in east Germany this year, and it is also exposed to the highly competitive US market following its purchase of Fireman's Fund in 1990. The company lifted its annual dividend rate this week but the shares are on a miniscule yield: they have underperformed the DAX by 2 per cent in the last month, 3 per cent in the last three months and 5 per cent in the last year.

Colonia, the holding company in which France's Victoire now has a majority interest, is hard to trade in and is down by 20 per cent compared with the market over the past 12 months.

AMB, recently, has been the exception to the rule. In spite of problems with BfG, the accident-prone, ex-trade union bank which cost AMB another DM883m in write-downs last year, interest from potential predators has pushed up the price. According to Mr Simon Rudolph of Morgan Stanley, the shares have been "sprouting wings", with the registered shares rising by 20 per cent against the DAX in the last 12 months.

Although Royal Insurance (with a stake of 20 per cent) and Fondiaria (with 6 per cent) have an interest in AMB, the company's principal suitor is said to be the aggressive French insurer Assurances Générales de France, which already owns 6 per cent in registered shares and is understood to have pushed up its holding recently to 16 per cent.

EUROPE

Heavy trading in Printemps as Paris holds

BOURSES mixed individual stories with monetary worries in mostly thin trading yesterday, *writes Our Markets Staff.*

PARIS ended just below the day's high after trading in a nine-point range for most of the day. The CAC-40 index closed 1.94 higher at 1,780.01 in steady turnover of around FFr1.76bn.

The retailer, Printemps, added FFr27 to FFr790 with a heavy 117,525 shares exchanged. There was speculation that the Maus family might have to sell part of its 42 per cent stake in Printemps to cover losses incurred by its US department store chain, which could open Printemps to a takeover.

The day's biggest gainer was Radiotéchnique which jumped FFr34 or 7 per cent to FFr518 on renewed rumours that its parent, Philips of the Netherlands, might buy in the shares it does not already own.

However, the market gave thumbs-down to Lyonnaise des Eaux-Dumez's further expansion into the building sector. The stock fell FFr17 to FFr516 following news late on Wednesday that the group had bought a 4.5 per cent stake in Société Auxiliaire d'Entreprises.

FRANKFURT saw the DAX index fall another 6.31 to 1,615.38 after a 4.13 drop to 673.46 in the FAZ at midsession. German stock exchange turnover stayed flat, and low at DM3.6bn.

Retailers, utilities and construction stocks fell, the first of these as James Capel said that there were strong indications that the consumer boom is already past its peak. Kaufhof dropped DM10.50 to DM450 for a two-day loss of DM22.

RWE and Veba fell DM3.50 to DM371 and DM3.80 to DM337.70. Bonneville Pacific of the US is to build a power plant for the east German city of Frankfurt an der Oder, and is reported to be holding talks with 14 other east German cities.

Mr Hans-Peter Wodniok, of James Capel in Frankfurt, said last night that while west German cities have power plants of their own, and augment this with supplies from the utility groups, it had been hoped that the utilities would get a near-monopoly in the east. Now, the east Germans may aim to emulate the west using extended lease-purchase agreements with US suppliers, and the potential growth rates of the west German utilities are likely to be cut back.

In construction, Philipp Holzmann led the way down with a fall of DM28 to DM1,322. In engineering, a fall of DM13 to DM805 in Linde was blamed on sell recommendations from the US but, said Mr Wodniok, there was a two-way market in opinion here.

FT-SE Eurotrack 100 - Jul 25

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1111.16	1110.55	1109.71	1110.51	1110.59	1110.78	1111.51	1111.00
Day's High 1112.31				Day's Low 1109.21			

Jul 24	Jul 23	Jul 22	Jul 19	Jul 18
1113.02	1118.62	1113.67	1111.23	1106.24

Base value 1000 (26/10/90)

MILAN was beset with political uncertainty in very thin volume. The Comit index eased 2.48 to 571.55 in volume estimated at a very small L60bn after Wednesday's L100bn.

Remarks made after the close by Mr Bettino Craxi, leader of the Socialist Party, that the present parliament was unworkable and should be ended quickly is likely to weigh on the bourse today. There are fears that the Socialist party could withdraw its support from the coalition government.

Fiat dropped L80 to L5,960, before recovering to L5,975 after hours.

ZURICH worried over the weakening Swiss franc/D-Mark rate, and the Basle inflation figure of 6.7 per cent for July which was considered an overly modest improvement over the 6.9 per cent for June, said Mr Jonathan Spink at Williams de Broë.

The Crédit Suisse index eased 0.5 to 542.8 as Adia went ex rights and the bearers lost a net SFr38 on the day to SFr900, perhaps reflecting the absence of support available while the issue was being launched.

STOCKHOLM was depressed by higher money market rates. The Affärsvärlden general index fell 15.1 or 1.4 per cent to 1,111.6 in volume of SKr386m after SKr590m. Ericsson free B shares were the most active, accounting for SKr50m of the total. The share fell SKr5 to SKr186 after a downgrading by a leading UK broker.

The forestry sector fell 2.9 per cent on worries about pulp prices and the dollar exchange rate. Stora A shares fell SKr10 to SKr355 kronor and MoDo B shares fell SKr10 to SKr300.

AMSTERDAM focused on Philips which reached a new 1991 high on optimism about its first half results due next week. The stock added 70 cents to Fl 33.40. The rest of the market was easier, the CBS tendency index closing down 0.4 at 93.8.

MADRID deferred to Wednesday's fall on Wall Street as the general index closed 0.61 lower at 268.03. Banco Popular's takeover prospects lost their appeal, the shares falling Pta300 to Pta11,820.

OSLO eased again on the Norsk Hydro results, the all-share index closing 1.82 lower at 501.87. Hydro fell NKr3.50 to Nkr186.50.

ISTANBUL fell to a new low for the year, its index down 70.3 or 2.3 per cent to 3,011.45. The market has lost 11.7 per cent so far this week.

VIENNA closed at a five-month low in quiet trading. The all-share index eased 0.41 to 531.83, its lowest level since mid-February.

SOUTH AFRICA

JOHANNESBURG slid on falling gold prices and the slush fund scandal. But a weaker financial rand limited the losses. The all-gold index fell 35 to 1,284 and the industrial index lost 32 to 3,929. The all-share index slid 31 to 3,380.

ASIA PACIFIC

Nikkei rises slightly after Wednesday's 2.3% jump

Tokyo

EQUITIES ended slightly higher after quiet trading, as investors waited for the outcome of discussions by the House of Representatives finance committee yesterday concerning the brokerage scandal, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 35.24 at 23,332.71, after advancing 2.3 per cent on Wednesday. The index rose in the first hour of trading on hopes of a further easing of short-term interest rates, and reached a high for the day of 23,441.18. Activity thinned in the afternoon and profit-taking by investment trusts pushed it down to leave a minor net gain. Rumours of a real estate bankruptcy, and financial troubles at a parcel delivery company, sent jitters through the market in the afternoon.

Volume remained light at 250m shares. Gains led declines by 492 to 412, with 209 issues unchanged. The Topix index of all first section stocks put on 3.02 to 1,818.23, but in London the ISE/Nikkei 50 index eased 4.23 to 1,386.74.

Comments from the finance committee did not have a direct impact on share prices. Its discussions ranged over the disclosure of the names of compensated clients, reduction of stock trading commissions, and revisions in the Securities and Exchange Law.

Foreigners were seen buying shipbuilding, real estate and insurance companies. Mitsui Real Estate climbed Y40 to Y1,400 and Tokio Marine & Fire Y30 to Y1,270.

Fuji Bank weakened Y60 to Y2,470 after announcing that three employees were dismissed and charged for forging deposit certificates, used as collateral for loans up to Y260bn.

Speculative issues were firm. Traders said investors who had sold on margin were buying back stock to cut losses caused by their recent strength. Nippon Carbon added Y23 at Y912 and Nihon Nohyaku moved ahead Y130 to Y1,880.

Honshu Chemical gained Y80 at Y1,170 after setting a year's high of Y1,210 earlier in the day as rumours that an Osaka-based speculative group was interested in the issue prompted individual buying.

Public works project beneficiaries gained ground. Cement issues were popular, with Mitsubishi Materials, the most active issue of the day, firming Y2 to Y632. Road builders were also higher, Nippon Road adding Y80 at Y1,490.

Strong earnings forecasts helped Sumitomo Heavy Industries to rise Y5 to Y617. Reports that the company will tie up with Ishikawajima-Harima Heavy Industries (IHI) in the manufacturing and sales of liquefied natural gas carriers also encouraged investors. IHI gained Y4 to Y626.

In Osaka, the OSE average moved up 87.95 to 25,965.32 on volume of 18.9m shares.

Roundup

WALL STREET held back most of the Pacific Rim yesterday.

TAIWAN rose in the largest volume for a month as the government's efforts to stop underground stock dealings encouraged investors. Trust funds were in demand. The weighted index gained 48.67 to 5,054.58 in turnover of T$31.7bn, up from T$23.54bn.

HONG KONG recouped part of an early decline. The Hang Seng index fell below 4,000 on profit-taking before closing 16.15 off at 4,012.62 in turnover of HK$1.86bn, after HK$1.19bn.

AUSTRALIA retreated in options-related trading. The All Ordinaries index fell 13.6 to 1,559.0 in turnover of A$246m, after A$419m. Australian Consolidated Minerals rose 9 cents to 98 cents on 7.7m shares traded after advising shareholders to reject a joint A$210m bid, at 90 cents a share, from Western Mining and Normandy Poseidon.

NEW ZEALAND was mixed as traders grew cautious ahead of budget day on July 30. The NZSE-40 Index closed 9.22 lower at 1,437.75 in turnover of NZ$43m, against NZ$31.2m.

Telecom remained active, accounting for NZ$29.9m of the turnover total. The shares slipped a cent to NZ$2.26.

JAKARTA gained 1.7 per cent on hopes that banks would heed the finance minister's appeal for lower interest rates. The index rose 5.68 to 332.96.

BOMBAY rose on relief that Wednesday's budget was less harsh than feared. The BSE index soared 69.67 or 4.69 per cent to 1,555.43, after peaking at 1,561.08.

KUALA LUMPUR saw palm oil stocks rise further on the back of firmer commodity prices. Consolidated Plantations added 2 cents at M$2.40. The composite index slipped 1.31 to 599.97 in turnover of M$110m (M$107m).

MANILA fell on short-selling and liquidation of margin accounts ahead of today's settlement. The composite index lost 14.69 to 988.91 in turnover of 160m pesos, after 109.2m.

SEOUL's composite index closed at 664.21, down 1.78, in record turnover of Won621.6bn, after Won510.8bn, on profit-taking after the recent rise.

BANGKOK advanced in the highest volume since mid-March as concern about the economy faded. The SET index ended 8.16 ahead at 728.59 on turnover of Bt6.39bn, boosted by foreign interest.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 24 1991								TUESDAY JULY 23 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	148.05	+0.5	129.65	128.49	133.62	126.78	+0.1	5.07	147.37	129.71	127.58	134.55	126.59	148.05	112.74	148.12
Austria (20)	178.89	+1.2	156.66	155.26	161.46	161.59	−0.1	1.71	176.74	155.56	153.01	161.36	161.73	222.37	167.00	280.08
Belgium (49)	129.59	+1.2	113.49	112.47	116.96	114.25	−0.1	6.16	128.08	112.73	110.87	116.93	114.34	151.20	121.73	158.29
Canada (115)	139.35	+0.1	122.03	120.93	125.76	116.29	−0.3	3.34	139.23	122.54	120.52	127.10	116.65	142.27	126.49	139.98
Denmark (37)	254.87	+0.9	223.20	221.21	230.03	232.86	−0.1	1.52	252.48	222.22	218.57	230.50	233.08	270.56	217.74	273.57
Finland (16)	96.54	+1.6	84.54	83.79	87.14	84.82	+0.2	2.84	95.01	83.62	82.25	86.74	84.68	125.15	90.00	135.15
France (111)	131.32	+1.5	115.00	113.96	118.51	121.59	+0.5	3.67	129.32	113.82	111.94	118.05	120.95	152.26	120.60	162.25
Germany (65)	108.23	+0.7	94.78	93.95	97.68	97.68	−0.5	2.29	107.49	94.61	93.07	98.13	98.13	125.35	102.03	141.99
Hong Kong (55)	168.75	+0.5	147.78	146.45	152.31	167.98	+0.6	4.12	167.86	147.74	145.31	153.25	167.04	168.76	119.62	146.53
Ireland (19)	154.53	+1.5	135.32	134.11	139.47	141.62	+0.5	3.52	152.29	134.04	131.84	139.03	140.94	182.46	132.88	188.69
Italy (77)	75.51	+2.1	66.13	65.53	68.15	72.95	+1.0	3.20	73.93	65.07	64.00	67.49	72.22	88.23	69.89	106.06
Japan (474)	129.33	+1.5	113.26	112.25	116.74	112.25	+1.7	0.75	127.44	112.17	110.32	116.36	110.32	146.97	118.35	147.35
Malaysia (68)	228.07	+0.0	199.73	197.94	205.84	244.37	−0.2	2.74	228.16	200.83	197.52	208.31	244.92	247.78	192.83	250.17
Mexico (16)	1132.92	−0.9	992.11	983.25	1022.51	3735.21	−0.9	1.45	1142.67	1005.70	989.19	1043.19	3767.36	1152.58	534.45	555.06
Netherland (31)	139.25	+0.3	121.94	120.85	125.68	124.41	−0.7	4.31	138.77	122.13	120.13	126.69	125.34	145.73	125.70	147.41
New Zealand (14)	46.92	−0.5	41.09	40.72	42.35	43.90	−1.0	6.93	47.17	41.51	40.83	43.06	44.36	54.64	41.18	67.31
Norway (32)	196.85	−0.1	172.39	170.85	177.67	181.09	−1.0	1.62	196.98	173.37	170.52	179.83	182.94	223.24	182.24	254.87
Singapore (38)	198.26	−0.2	173.62	172.07	178.94	159.52	−0.4	2.14	198.64	174.83	171.96	181.34	160.15	208.25	151.63	206.55
South Africa (61)	245.04	−0.7	214.59	212.67	221.16	170.85	−1.3	3.20	246.83	217.24	213.67	225.33	173.19	258.85	173.00	190.23
Spain (54)	148.23	+0.3	129.81	128.66	133.79	121.73	−0.7	4.44	147.75	130.04	127.91	134.88	122.58	171.12	131.51	181.68
Sweden (27)	193.93	+0.0	169.83	168.31	175.03	180.51	−1.1	2.46	193.87	170.63	167.83	177.00	182.46	204.12	146.60	228.14
Switzerland (58)	93.47	+0.2	81.85	81.13	84.37	87.56	−0.7	2.20	93.25	82.07	80.73	85.14	88.22	100.67	82.17	107.03
United Kingdom (240)	174.37	+0.3	152.70	151.32	157.36	152.70	−0.2	4.81	173.90	153.06	150.53	158.75	153.06	187.44	158.27	173.13
USA (526)	153.23	−0.3	134.19	133.00	138.31	153.23	−0.3	3.15	153.65	135.23	133.01	140.28	153.65	158.24	125.95	144.14
Europe (836)	137.63	+0.6	120.70	119.62	124.40	123.03	−0.2	3.88	136.95	120.53	118.55	125.03	123.27	151.52	125.50	155.92
Nordic (112)	188.07	+0.5	164.70	163.23	169.74	166.72	−0.6	1.96	187.20	164.76	162.06	170.91	167.73	200.81	155.55	217.85
Pacific Basin (718)	130.91	+1.4	114.64	113.62	118.16	114.14	+1.6	1.11	129.15	113.67	111.81	117.91	112.36	145.92	117.86	147.21
Euro – Pacific (1554)	133.99	+1.1	117.34	116.28	120.92	118.47	+0.9	2.24	132.57	116.68	114.76	121.02	117.46	147.66	121.29	151.15
North America (641)	152.29	−0.2	133.36	132.19	137.47	150.75	−0.3	3.16	152.67	134.37	132.18	139.40	151.16	157.04	125.91	143.79
Europe Ex. UK (596)	116.07	+0.9	101.65	100.76	104.78	105.94	−0.2	3.18	115.01	101.22	99.58	105.02	106.11	129.80	106.85	143.98
Pacific Ex. Japan (244)	146.58	+0.3	128.36	127.23	132.30	131.03	+0.1	4.29	146.11	128.60	126.51	133.41	130.85	146.58	111.40	144.68
World Ex. US (1746)	135.93	+1.0	119.03	117.98	122.69	119.83	+0.8	2.29	134.60	118.47	116.53	122.89	118.93	148.16	122.32	151.39
World Ex. UK (2032)	137.54	+0.6	120.45	119.38	124.15	128.04	+0.4	2.35	136.79	120.39	118.42	124.89	127.46	145.77	120.06	145.22
World Ex. So. Af. (2211)	140.06	+0.5	122.65	121.57	126.42	130.01	+0.4	2.80	139.31	122.61	120.61	127.19	129.49	148.66	122.92	147.43
World Ex. Japan (1798)	148.13	+0.1	129.72	128.58	133.72	140.26	−0.2	3.47	148.01	130.27	128.14	135.15	140.61	152.83	126.69	149.34
The World Index (2272)	140.75	+0.5	123.26	122.16	127.04	130.37	+0.4	2.81	140.02	123.24	121.22	127.84	129.87	149.01	123.28	147.69

Constituent change with effect 25/7/91: Deletion: Occidentale (Generale) (France). Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: The organisational complexities that stop new executive brooms from sweeping clean

Where unfamiliarity breeds contempt

"WHAT d'you say to that then, Jerry?", snorted a staunch Tory neighbour yesterday *morning*, brandishing a rose-coloured pamphlet in the Jobs column's face. I needed no further explanation of his meaning.

The document he waved was alluded to in my headline three weeks ago: "Why Citizens Charters won't work". And under it I'd supported my doubts about such charters' ability to improve the services of bureaucracies, whether public or private, by quoting the Old Testament prophet Jeremiah's wisecrack about leopards changing their spots and so forth.

Well, the first thing I have to say to the challenge is that there is some justice in my neighbour's jubilation. Although the UK Conservative Government's charter published on Monday is primarily an electioneering exercise, it is more extensive and focused in its proposals than most sceptics let alone cynics had expected.

The second thing that must be admitted is that I've been wrong before. For instance, in 1968 I wrote off the accountancy profession as Britain's premier mode of training for senior management, comparing accountants to Volkswagen Beetles – useful things in their day, but obsolescent. They'd soon be replaced at the tops of companies, I added, by MBAs.

Anyone who has perpetrated a daftness like that has no illusions of being infallible. What's more, on this occasion, I'd be happy to be proved up the pole.

Even so, it seems to me doubtful that the said charter's proposals will go very far towards reversing the customer-neglecting behaviour of public services and associated utility concerns. For the heedless bureaucracy they exemplify is not only a problem all over the world, but one that populaces since ages past have learned to live with rather than expect it to be solved.

True, different nations have different ways of addressing it. In Europe, for example, the Italians seem most adept at the bypassing technique, their word "Arrangiarsi" covering countless ways of dodging round blocks. By contrast, the French appear best at making bureaucracy work, though perhaps only because the bureaucrats know that any excesses on their part are apt to lead to such things as impassable roads and burning vehicles, if not roasted lambs.

Since we Brits have typically responded just by grumbling, the charter at least improves on that by offering us hopes. But my own are tempered by the belief I expressed three weeks back that measures imposed top-down on bureaucracies won't be enough to guarantee much useful change.

Even market forces, conjured up by privatisation, can no longer be seen as so beneficially powerful as they were cracked up to be not long ago. Certain events, not unconnected with the initials BCCI among other things, suggest the Scythian philosopher Anacharsis had a point 2,600 years ago when he defined markets as places "where men may deceive and over-reach each other."

Past experience also suggests that the rest of the charter's proposals – including regulatory bodies, compensation payments and the naming of names – will resemble the curate's egg.

The obligation on *staff* dealing with the public to identify themselves, for instance, will doubtless do some good. In numerous cases, however, the result will be to face the would-be consumer with bureaucrats holding the same defensive attitudes veneered with public relations skill. For blarney is all such staff have to offer unless they're given power to effect change higher in the organisation, which it seems unlikely that their superiors will usually concede.

Hence my view that whether bureaucracies really improve their services must depend, not on stipulations made from outside even by legislation, but on the way they are managed internally.

Alas that statement itself smacks of whistling in the wind. For as I know from readers' letters, while the need for managerial changes is widely recognised inside such outfits, nobody appears able to make them just the same.

As it happens, a clue to the blockage lies among the Laws of Organisational Stupidity, of which the Jobs column is the self-appointed codifier. The law in question is the Peter Principle, although not in the version in which it was originally laid down by Canadian academic Dr Laurence Peter, who died last year.

His formulation can be stated as: *In a hierarchy, people rise to a level of responsibility at which they are incompetent.* His explanation for that supposed phenomenon was simple. If we are competent at some given level of responsibility, we tend to be promoted to the next one up. If we aren't, we don't.

So the level people have reached when their promotion prospects peter out must be one at which they are incompetent to discharge the responsibility. Moreover, since it follows that they also wield their greatest power at the point where they're least capable, the whole works becomes gummed up.

While that theory is plausible, students of organisational stupidity soon realised it's fundamentally unsound. The reason is that it pins the initial blame for the mess on the appointment of some incompetent to an organisational post carrying the power to fill junior jobs.

As that particular incompetent could hardly have got there unaided, however, the appointment must result from incompetence by somebody else, and thus cannot be the root cause of the trouble. We therefore need to trace back to the bungler who appointed the incompetent, then the loon who appointed the bungler... until we inevitably reach Adam. Who appointed him?

Consequently the gumming-up must *surely* have some other cause. And the most promising path to it seems to lie in starting from the assumption that the problem arises, not from the inadequacies of any individual, but from some collective idiocy to which large organisations are prone. That path has led to a rewording of Peter's principle which, instead of blaming particular holders of jobs, focuses on the jobs they hold.

It reads: *In an organisation, responsibility rises to a level at which the people are incompetent to discharge it.* In other words, power to make important decisions tends to be ratcheted up the pyramid to managers operating at a height from which they cannot perceive, let alone understand, the realities of what it is they're deciding.

In which case, the only way to improve the organisation's services is to tear down the managerial structure and rebuild it so that the power to decide on events is vested in people close enough to them to see what is really happening.

There too, however, we meet a snag. The only people in the outfit authorised to do the restructuring are those apt to lose their power, if not pay packet, as a result.

One remedy that has been often tried, not least by governments, is bringing in a new executive broom at the top of the organisation to sweep out the bureaucratic stable beneath. Unfortunately, despite the impressive previous managerial records of many of the imports, they have rarely filled the bill.

The probable reason is that the brooms are typically brought in from an altogether different field of operations. That means they have no familiarity with the detailed mechanisms their new outfits use to provide their services, which tend to be too complex to be quickly understood. Hence, for all their executive powers, they are prey to underlings citing arcane technical reasons why their ideas for change will cause the whole works to grind to a halt.

Or, to put it more succinctly: they get "Yes, ministered."

Michael Dixon

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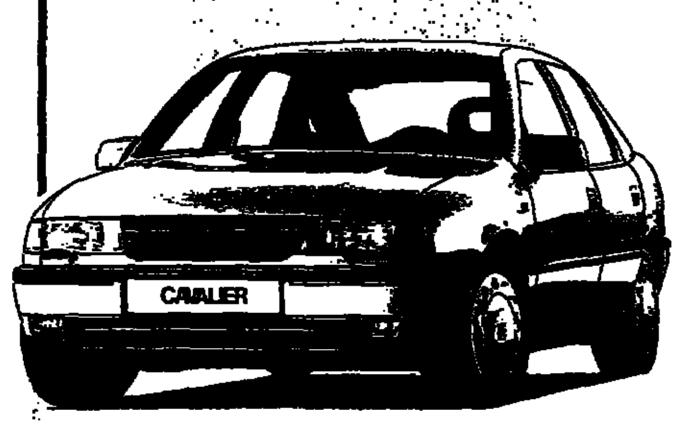

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ACCOUNTANCY COLUMN

Detonations of new regime's long fuse

By David Waller

THE Financial Reporting Council has kept a low profile since it replaced the Accounting Standards Committee just over a year ago.

True, the Accounting Standards Board – the main standard-setting part of the FRC – flexed its muscles in April this year when it unveiled its draft proposals for the reform of company profit and loss accounts.

Until today, however, virtually nothing had been heard from the council itself, nor from the Financial Reporting Review Panel and the Urgent Issues Task Force, two subsidiary bodies of the FRC in which many of the powers of the new standards regime were vested.

In a sudden flurry of activity, the FRC, the Review Panel and the Task Force will this morning announce a series of measures designed to show that they mean to be taken seriously by the UK corporate sector.

The Urgent Issues Task Force – a body constituted to nip bad accounting practice in the bud – is today making its first formal ruling. It is insisting on a savagely conservative treatment of the way companies account for the interest on convertible bonds.

In the days before the stock market crash, many large companies – including Saatchi & Saatchi, Argyll Group, Burton Group, Hillsdown Holdings, London International Group, Storehouse and United Biscuits – took advantage of rising share prices to issue convertible Eurobonds.

The companies paid low interest on these bonds because they offered shareholders the right to redeem the shares at a premium to the issue price, – a so-called "put option".

Pre-tax profits were shielded from the full cost of this form of finance – which if the eventual conversion or redemption were taken into account, would not be dissimilar to the rate paid on ordinary bank borrowings, or could be even greater.

Today's ruling from the Task Force will in future require companies to account for full cost of the borrowings, taking into account the impact of conversion or redemption in the years to come.

Companies assumed that share prices would continue to rise and the bonds would be converted by the time the options fell due

"The whole point of these schemes was to increase reported profits and to keep liabilities down," says Professor David Tweedie, the chairman of the Task Force (and of the Accounting Standards Board itself).

He explains: "This measure will knock profits down and increase liabilities. It will slam the door on these schemes."

The impact of this ruling may be largely symbolic. The attractions of such schemes are far less obvious than they were five years ago when most of them were introduced.

Few companies envisaged then that the "put option" would be exercised, assuming that share prices would continue to rise and that the bonds would be converted by the time the options fell due.

After the crash, the shares in most cases fell irretrievably below the price which would trigger conversion. The companies suddenly found themselves staring at large potential liabilities. At Saatchi & Saatchi the company faced a colossal £211m pay-out on its convertible Europreference issue.

During the past 18 months companies like Saatchi have painfully struggled to rid themselves of the cash-flow problems associated with these issues, undergoing refinancings and launching rights issues in order to meet their liabilities. They have also found ways to recognise in their accounts the accrued liabilities associated with the schemes.

Tweedie says that if the UK recession ends and bull market conditions return, companies would be at it again – notwithstanding a degree of sentiment against such issues at the moment. The ruling is designed to put a stop to the practice once and for all – and to remind the corporate sectors of the Task Force's powers.

The Review Panel – a body whose job it is to monitor company compliance with accounting standards – announces today that it has written to over 100 listed companies informing them that they have failed to comply with an important financial reporting requirement introduced by the Companies Act 1989.

That requirement is to state whether their accounts have been prepared in accordance with the applicable accounting standards and to give details of any material departures from those standards and the reasons for those departures.

Today's uncompromising statement by the panel says: "The directors of the companies written to by the Review Panel are being asked to confirm that their company's accounts have been prepared in accordance with applicable accounting standards or to give the Review Panel particulars of departures from those standards, with reasons. They are also being asked to confirm that subsequent accounts will contain the statement in question.

The initiatives appear to be designed to ensure that the board of directors and their auditors become familiar with the new regime's requirments

"Observance of the requirement is obligatory. The statement gives key information to the users of company accounts, and it also assists the Review Panel in considering whether the accounting requirements of the Act have been met."

The letter will be read carefully by the recipients: the panel has the power to take miscreant companies to court, where the judge may force a restatement of company's accounts and hold the directors personally liable for the costs of the legal proceedings. Letters have also been despatched to the companies' auditors.

Sir Ron Dearing, chairman of the Financial Reporting Council itself – the top body of dignitories from the City, industry and the accountancy profession which overarches the new regime – is to write to the chairmen and company secretaries of all 2,500 listed companies exhorting them to strive for better financial reporting.

"Whatever the legislative framework, " Sir Ron explains, "I am convinced that really good financial reporting can only be attained with the whole-hearted backing and co-operation of those in key positions of responsibility . . . I believe that good financial reporting is in the interests of the everyone in the business community, and I hope and believe that you will share this view."

Exhortations alone will not frighten company chairmen. And so Sir Ron points out in his letter that the Companies Act 1989 has "significantly widened the liability of directors in relation to a company's accounts".

Sir Ron acknowledges in his letter that this fact is "not yet generally understood". To make sure that it becomes more so, Sir Ron encloses with each letter a handy guide to the new régime – and suggests that the chairman passes it on to the finance director and auditor if further elucidation is required.

Today's three initiatives appear designed to ensure that board of directors and their auditors become more familiar with the requirements of the new regime and the powers vested in its institutions.

This is a form of softening-up exercise: the real onslaught will begin when Accounting Standards Board discards discussion papers and starts issuing obligatory accounting rules.

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The successful candidate, who will report to the Finance Manager of a new joint venture, will be responsible for all aspects of the accounting and budget functions, including:

* Monthly/annual profit & loss statements and balance sheets
* Preparation of annual operating and capital budgets
* Variance analysis
* Rolling performance projections
* Project analysis (IRR, ROI, etc.)

Candidates must have internationally recognized professional qualifications and preferably experience gained in similar positions. Familiarity with standard PC applications and fluency in English is required. Good knowledge of the Romanian language is essential.
The ideal candidate should have the ability to motivate and develop associates. An attractive salary and benefits package will be offered.

For further information please call or write to our consultant: HILL INTERNATIONAL, Mrs Claudia Daeubner in our Vienna Head Office, Fasangasse 20, 1030 Vienna, Austria, Tel: (0043) 1 798 35 66 Ext. 23 Fax: (0043) 1 798 35 66 Ext. 30.

AUSTRIA BELGIUM BULGARIA CSFR FRANCE — GERMANY HUNGARY POLAND USSR YUGOSLAVIA

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c. £55,000 + benefits — ***Internationally Branded Apparel and Footwear*** — ***London***

European Finance Controller

Talented young Finance Professional with true European credentials sought to join small European HQ of a $200m brand US company. Challenging remit to coordinate and control current activities of established network of companies in Europe and play a key role in planning and implementing the growth strategy for the 1990's. Frequent international travel and excellent career prospects within this fast growing company.

THE ROLE

■ Top finance post in Europe with responsibility for the development and implementation of Europe-wide financial management and control disciplines.

■ Ensure timely consolidation and reporting to US Parent, working closely with US based international FD.

■ Broad remit with a real input to overall management of the business including distribution, warehousing and stock control issues.

THE QUALIFICATIONS

■ Qualified accountant, probably aged 30+ with international experience within the distribution and/or retail fields. Fluency in French or German essential.

■ Successful track record in a senior financial management position, implementing controls and managing growth across European subsidiaries.

■ Energetic, flexible with a practical approach to problem solving. Strong commercial orientation with well developed interpersonal and communication skills.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to:
Selector Europe, Ref P5770711,
16 Connaught Place,
London, W2 2ED
071-973 0889

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c. £60,000 + banking benefits — ***City***

Group Chief Accountant

Accomplished accountant required to join Head Office team of this major banking and insurance group. Strong functional skills and commercial awareness sought to make full contribution to Group financial management.

THE ROLE

■ Reporting to the Deputy Finance Director and responsible for the consolidation and reporting of Group accounts.

■ Leading Group level financial accounting. Strengthening relationships with divisional and subsidiary finance departments. Harmonising and rationalising accounting information flows.

■ Handling substantial groupwide ad hoc projects. Liaison with auditors, actuaries and the Bank of England.

THE QUALIFICATIONS

■ Graduate, probably mid to late 30's, technically excellent ACA with pragmatic, creative approach. Fast-track career profile and mastery of all disciplines of plc reporting.

■ Thorough exposure to complex consolidation in professional or commercial environment. Proven financial experience with a progressive commercial organisation. Financial service experience desirable.

■ Demonstrable team leader with strong communication skills and high energy levels. Appetite for a demanding and varied role. Ambitious to progress within the TSB Group.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to:
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London, W2 2ED
071-973 0889

To £45,000 + benefits — ***Precision Engineering*** — ***East Midlands***

Finance Director

Well established diversified £100 million t/o plc with substantial export business and US operations seeks a Financial Director for its major UK subsidiary with turnover approaching £35 million. Outstanding opportunity to improve profitability and performance by utilising recently installed computer systems to provide quality management information. Excellent career prospects internationally.

THE ROLE

■ Providing accurate, timely management information to improve control, decision-making and working capital management.

■ Upgrading accounting systems and developing the central accounting team. Integrating the accounting and MRP II systems.

■ Improving communication with senior operating management. A key Board member determining future strategy.

THE QUALIFICATIONS

■ Bright, ambitious, probably mid to late 30s, ACMA qualified accountant with proven hands-on record of introducing disciplined financial reporting systems into a manufacturing business.

■ Experienced in both accounting and manufacturing systems. Particular strength in costing and familiar with activity based costing.

■ Excellent man-manager, communicator and team-player. A strong personality with the interpersonal and influencing skills to win commitment to change.

London 071-973 0889
Manchester 061-941 3818

Selector Europe
A Spencer Stuart Company

Please reply, enclosing full details to:
Selector Europe, Ref F2760711,
16 Connaught Place,
London, W2 2ED
071-973 0889

DIRECTOR OF FINANCE

Hampshire — c.£50,000 + Finance Sector Benefits

Our client, The Agricultural Mortgage Corporation Plc, is a leading provider of long term development capital to the farming and horticultural industries in England and Wales. Envisaged alterations to the organisation's mandate will bring wide ranging changes to the scope of its business and lead to substantial growth. As a result a Director of Finance is sought who will play a major role in its future.

This position reports to the Managing Director and carries responsibility for a team of nine. Key challenges include: the production and presentation of all financial reports at board level; development and implementation of a new I.T. initiative for the 1990's; strategic and operational planning; and the provision of sound financial management during a period of rapid change.

The successful candidate will be a qualified accountant who can demonstrate a first class track record of financial management within industry or commerce. Excellent financial reporting skills should be augmented by a strong degree of computer literacy, a thorough understanding of internal control and the ability to provide financial advice to the business. It is important that he/she should also be a good communicator, a team leader and someone who can both initiate and adapt to change.

A comprehensive remuneration package is offered including subsidised loan and mortgage benefits together with a motor car and a full range of ancillary benefits. Relocation assistance will be considered where appropriate.

Interested applicants should send, in complete confidence, a detailed curriculum vitae including current salary and daytime telephone number to Chris Rose, Touche Ross Executive Selection, Carlton House, Carlton Place, Southampton SO1 2DZ. Telephone: 0703 334124, quoting reference LM845.

Touche Ross
MANAGEMENT CONSULTANTS

DIVISIONAL FINANCE DIRECTOR

UK & EUROPE
WEST SURREY — **To £45,000 + Car + Share Options**

Our client, a profitable, fully quoted expanding manufacturing business with international interests, is committed to grow both organically and by prudent acquisitions.

In order to meet the challenges of the 1990s, a Divisional Finance Director is required to assist the Divisional Chief Executive in controlling the activities of a £60m T/O Manufacturing/Distribution Division in the UK and Europe. You will participate in the planning of the future growth of the business and will play a key role in improving operational efficiency and the quality of management information and systems. To be considered for this position you will:

- *Be aged 35–45*
- *Be a Computer Literate Qualified Accountant with substantial manufacturing experience in an operating company*
- *Be prepared to take a proactive role as well as being "Hands On" when necessary*
- *Be flexible in approach, positive in attitude and be prepared to travel up to 50% of the time.*
- *Have strong communication skills and be a team player*
- *Ideally have a knowledge of French/German.*

If you wish to be considered for this excellent career opportunity please apply in confidence to Daryl Green at the address below or telephone him on 071-629 3555.

BRIAN INGRAM ASSOCIATES 70/71 New Bond Street, London W1Y 9DE

Tax Accountant
newly created role with a major PLC

West Midlands — c£25,000 + Benefits

Our client, a major plc, is already established as one of the most successful in its sector.

The alignment of corporate management needs has led to this new appointment, which is crucial to supplementing the skill and talent of a small, dedicated team of experts.

Reporting to the Taxation Manager, you will prepare and manage the submission of corporation tax computations, supervise compliance work and be involved in a range of other projects.

The successful candidate is likely to be a qualified accountant, with a minimum of two years' relevant tax experience, either through a professional practice or from within a quoted company, and will be looking for the challenge of having a direct influence on the company's future. Exploring and developing ideas will be as important to you as seeing things through to a satisfactory conclusion.

Salary as indicated, together with a full range of benefits will include relocation assistance, if appropriate.

Interested? Please write with full career details quoting ref: MC499 to: Maxine Clare, MSL Advertising, Quadrant Court, 50 Calthorpe Road, Edgbaston, Birmingham B15 1TH. Please list on a separate sheet any companies to whom your details should not be sent.

MSL Advertising

LIFFE

Management/Systems Accountant

c£30,000 + Car + Bonus

The London International Financial Futures Exchange continues to expand and diversify after eight consecutive years of growth. In order to meet *increasingly sophisticated* and critical management information requirements, the new position of Management/Systems Accountant has been identified.

Operating within a small, highly pro-active team, the successful candidate must demonstrate hands-on systems skills, preferably with the Sun account general ledger package. Equally important are management accounting skills and experience of spreadsheet applications as the role will encompass management information development, business planning and management accounting.

A graduate qualified accountant aged 27-35, you will have an excellent track record in a commercial environment, probably in the Service sector.

Interested candidates should send their CV to **Andrew Norton, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH** or alternatively fax their details on **071-831 2612.**

MP

Michael Page Finance

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FINANCIAL PLANNING ACCOUNTANT

c.£30K + FE Car & Benefits

Safeway plc, part of the Argyll Group, is a rapidly growing and highly successful leading food retailer. Group sales for the year ended March 1991 totalled £4.8bn with profit before tax of £291m. Over the last four years Safeway has more than trebled its sales and increased its profits fivefold.

Based at the Head Office in Hayes, internal career progression has created this *unique opportunity* to join a progressive and highly professional team.

Reporting to the Financial Planning Controller, you will be responsible for the preparation, review and co-ordination of short and long-term business plans and forecasts, the identification and analysis of business trends and the development of mainframe and PC-based modelling facilities. This high profile role will equip you with a wide knowledge of the business and involve liaison at Senior Management level.

The successful candidate will be a clear thinking, self-starter who possesses good inter-personal skills and the ability to communicate persuasively in a variety of situations. Aged under 35, you will be a graduate qualified Accountant with a proven track record in a fast moving, commercial environment.

The attractive salary is backed by a range of company benefits that include BUPA cover, life assurance, pension scheme and staff discounts after a qualifying period.

Please apply directly to Frances *McCutcheon* at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1EH. Telephone: (0753) 857777, or evenings on (0344) 886662. Alternatively fax your details on (0753) 841676.

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SAFEWAY

Financial Controller

Yorkshire — c £32,000 + Car

Our client is a £70 million division of a renowned US corporation engaged in the manufacture, marketing and distribution of fast-moving consumer products for worldwide markets.

Following promotion within the Group, our client seeks a Divisional Financial Controller who, reporting to the Divisional Chief Executive, will assume full responsibility for all the finance and related functions of the business. Further emphasis will be placed on strategic and commercial input, allied to the continued enhancement of strict financial control procedures.

Candidates, ideally aged 28-35, should be qualified Accountants who can demonstrate a track record of success in their career to date. A strong personality allied with sound technical skills and the ability to communicate effectively across all disciplines are considered pre-requisites. Career prospects are limited only by individual ability.

Interested applicants should write, quoting Ref: L8555 and enclosing a CV to **James J. Russell at Michael Page Finance, Leigh House, 28-32 St Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.**

MP

Michael Page Finance

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A management challenge of international proportions

Financial Controller

South East — £40K Basic + Bonus + Benefits

Innovative applications and integrated solutions provide the impetus for our client's success on an international scale. Growth in profitability, however, has more to do with sound planning and an ability to adapt swiftly to changing market conditions.

The focus of your role will be to plan, evaluate and generally shape the financial functions of this Corporation's operations in the UK and parts of Europe, while contributing to business strategy and budgetary control alongside senior management.

Ten or more years of broad financial experience, ideally culminating in a senior financial role with a medium sized, US multinational, will have given you the professional qualifications to meet this challenge. What sets you apart from others with a *similar background is a highly motivated, results* oriented nature backed by the ability – and *credibility – to take control. In spite of your position,* you still relish the hands-on approach and the regular international travel that goes with it.

These qualities will generate a highly competitive remuneration package, plus, of course, the opportunity to enjoy the long-term benefits of the growth you will be instrumental in helping our client achieve.

Please send a detailed CV to Consultant, David Woolf, at Juniper Woolf Nucleus Advertising Partnership, Gemini House, 180 Bermondsey Street, London SE1 3TQ, quoting reference C981.

Juniper WOOLF

SEARCH & SELECTION · RECRUITMENT ADVERTISING

Financial Accountant

London — c£30,000 + Car + Benefits

Our client is a well-established c£200 million turnover international metal commodity trading group, which *supports* one of the world's *major* copper producers. The company has extensive dealings on the London Metal Exchange.

The increasing complexity of the business has created a requirement for a Financial *Accountant* who will also work closely with the Financial Director in the management, rationalisation and development of the finance function. Key responsibilities of this position will include:

* Foreign Exchange Accounting
* Treasury Management
* Statutory and Management Reporting
* Systems Implementation (SUN software)
* Liaison with traders, executive management and auditors
* Management and supervision of seven staff

The ideal candidate will be a qualified accountant, aged 27-33, with at least two years' post qualification experience of a commodities or financial services *environment. The ability to understand the* accounting implications of complex commodity transactions in foreign currencies is essential, as is a 'hands on' approach and a strong managerial presence.

Interested candidates should write, enclosing a comprehensive curriculum vitae, to **Joe Thomas, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH,** or alternatively fax their details on **071-831 2612.**

MP

Michael Page Finance

Specialists in financial recruitment

Head Of Group Audit

North Of England, c £37,000, Bonus, Car

As a top-flight manager with significant experience gained at senior level, your technical proficiency and business acumen will be maximised in this demanding role.

Reporting to the Finance Director of this £multi-million Group, and leading and developing a professional team, you will be providing advice and guidance to divisional and *headquarters management. Specific responsibilities will* be to establish operational audit strategies, develop and implement these programmes and play a key role in assessing overall business effectiveness. In addition it is envisaged that you will play a significant part in a major programme of acquisitions.

This challenging role calls for a qualified chartered accountant, probably aged around 40, who can demonstrate a successful track record gained in the internal audit *department* of a blue-chip *manufacturing* environment, ideally complemented with previous experience in management consultancy.

An effective communicator, highly motivated and results-oriented, you must be capable of making a positive impact in a complex environment.

The competitive remuneration package reflects the importance of this key position.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to. *J.A. Thomas*, Hoggett Bowers plc, *7 Lisbon Square*, LEEDS, *LS1 4LZ*, 0532-448661, Fax: 0532-444401, *quoting Ref: H27049/FT.*

Hoggett Bowers

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Financial Planning Manager

City — c.£48,000 pa + bonus, bank benefits and car

Our client is a major international banking group with worldwide operations and a particular presence in the Asia Pacific region. Due to a recent promotion there is a need to recruit another member into its financial planning team which operates at the highest level within the Group.

We are seeking exceptionally well qualified candidates capable of handling a broad ranging role, covering issues vital to the Group's development. Key tasks will include evaluation of projects and financial performance, budgeting and long-term forecasting, as well as strategic and M&A work. Candidates must have a sound understanding of technical accounting and tax issues. The ability to communicate financial issues effectively to senior management throughout the Group is of paramount importance.

The successful candidate is likely to have at least four to five years' post-qualification experience, *and will probably be in the 30-35 year age group. Candidates should display high levels of* commitment, the desire to contribute to the growth and future development of the Group, and be *geographically mobile. Strong personal presence and credibility will be enhanced by a knowledge* of the financial services environment, acquired either within or outside the profession.

Career prospects are exceptionally good, with the opportunity to follow previous incumbents into an operating unit, either in the UK or overseas, within a relatively short timescale. Please write in confidence, with full career and salary details as well as home and day telephone numbers, to Diana Westlake, quoting reference 8729/6.

KPMG Selection & Search

70 Fleet Street, London EC4Y 1EU

FINANCE MANAGER

To £35,000 + car + benefits — W.London/Middlesex

Our client is a leading subsidiary within a substantial British multi-national plc with a group turnover of several billion pounds. The subsidiary itself is the market leader in its wholesale and distribution business, with an annual turnover of around £400 million.

We seek a Finance Manager to take charge of a department of 8-10 staff responsible for the financial accounting, banking and cash flow reporting functions within this very high volume business. In due course, responsibilities should expand into other accounting areas, which will increase the managerial and systems content of the position. Reporting to the Financial Controller, this senior appointment offers excellent career prospects.

Candidates must be qualified accountants who have a thorough grasp of the technical aspects of financial accounting and an ability to design and implement practical control systems across a multi-site operation. The likely age range is 26-32. Ideally, you will have some post qualification experience in a high volume distribution, retailing or wholesaling business, preferably with some staff management responsibilities. However, candidates leaving the profession will also be considered.

To apply, please send your career and current salary details, together with a daytime telephone number, to Barry C Skates at our Maidenhead office.

MKA EXECUTIVE SEARCH AND SELECTION LIMITED
MKA House 36 King Street
Maidenhead Berks SL6 1EF
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Management Accountants for Consultancy

London based to £50K+Car

KPMG Management Consulting has opportunities for several management accountants to join its Financial Management Group to work in a range of industries on cost management, management information and analytical studies. The Group is a leader in these areas and has a consistent growth record and a substantial workload.

We are looking for graduate accountants with between four and seven years post qualification experience in industry who are currently holding Finance Director, Chief Accountant or Financial Controller posts, probably in self accounting divisions of blue-chip companies. We would be particularly interested in people from high technology sectors including pharmaceuticals, aerospace and electronics.

We need people with sound technical skills and man-management experience, gained in major companies with a reputation for effective management accounting and reporting. Of equal importance are highly developed inter-personal skills, enthusiasm and a sense of humour.

We enjoy being members of a very strong and successful group. If you would like to join us please write with your CV which should include academic achievement, professional qualifications and salary history to John Gerard, Recruitment Manager, KPMG Management Consulting, 8 Salisbury Square, London EC4Y 8BB. Please quote reference FMJ91FT.

KPMG Management Consulting

Financial Controller

to £33,000 + Car ***North London***

■ Our client is a long established £20 million turnover company which provides contracting services to the construction sector.

■ Following its recent acquisition by a major multi-national group, there is a challenging opportunity for a new Financial Controller to implement new accounting systems, improve management information and develop group reporting requirements.

■ Reporting to the Managing Director, the Controller will have full responsibility for the finance function supervising a small department.

■ Candidates should be qualified accountants, probably aged 35-55, experienced in managing a finance function preferably with parent company reporting and familiar with using PCs. Costing knowledge is essential and experience within the contracting sector would be ideal.

■ Key qualities are the ability to relate well to and influence senior management yet at the same time maintain a hands-on approach and undertake detailed accounting work where appropriate.

■ Please send career and personal details including current remuneration quoting Ref CA 347 to Carrie Andrews at Ernst & Young Corporate Resources, 21 Conduit Street, London W1R 9TB.

ERNST & YOUNG

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Division Accountant

Heathrow **c. £25K + car+benefits**

Established for 10 years, Planning Consultancy Ltd is one of the leading national computer resellers in the UK today. With a turnover in excess of £50m and employing 300 staff, PCL, supplies integrated computer solutions to the corporate marketplace based on personal computers and networks. PCL has demonstrated a long history of innovation within the industry, complimented by a commitment to quality that positions it for continued growth in the nineties.

To meet the challenges of the Company's new divisional expansion and continued dramatic sales growth, we are looking to recruit two newly qualified Accountants to assume staff and operational responsibility for the Financial and Management Accounts Departments.

The positions would best be suited to Accountants who have recently qualified in the profession and now wish to enhance their career in a commercial environment, or individuals with experience in a distribution/reselling industry.

To apply, please send your Curriculum Vitae to:

IBM DEALER OF THE YEAR 1990

Jenny Gorrod
Planning Consultancy Ltd
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SALES DIVISION

Your chance to grow in an expanding life business

South Coast c.£36,000 + car + bonus + banking benefits

Our client is a young, highly successful organisation, part of a well established financial services group and with an excellent record of profitable growth.

You will play a key role in supporting the Sales and Marketing management of this £90m business. Controlling a team of 8 you will be responsible for the full range of financial support and management information. This will include providing financial input to strategic decision making, budgeting and forecasting, MIS and working with the sales force on business plans.

You will be a qualified accountant, probably aged 28-35, with experience gained in a sales led company. Ideally – but not essentially – this will be insurance industry based. You will be computer literate, familiar with sales force incentive packages and commercially aware. Your personal skills will include good man management and communication ability, a team orientation and the desire and determination to be effective in a dynamic, growth driven environment.

Our client has a reputation for recognising ability quickly and encouraging employees to reach their maximum potential, offering outstanding opportunities for further career development.

Please reply in confidence, giving concise career, personal and salary details to Brendan Keelan, quoting Ref. L594.

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FINANCE DIRECTOR

After the successful rights issue and the promotion of the current Finance Director to Chief Executive, an exceptional opportunity has arisen to lead the finance function of this substantial and exciting plc.

Our key requirements are:

* Strong accounting, reporting, retail and systems experience
* A proven record of success and achievement
* International experience (we have 250 shops in 9 countries generating retail sales of over £70m)
* A commercial outlook and ability to contribute to the general management of the Group

Send your CV to Nigel McGinley, Tie Rack plc., Capital Interchange Way, Brentford, Middlesex TW8 OEX.

All correspondence will be treated *in the strictest confidence.*

Tie Rack

FINANCIAL CONTROLLER

£30,000 + CAR

CACI Limited, the Information and Marketing Consultancy, seeks a Financial Controller for its £10m UK Operations. The company is a subsidiary of the $150m international high technology and professional services corporation CACI International Inc with corporate headquarters in Washington DC.

Based in West London, reporting to the Finance Director, the Controller will *head up the team responsible for the day-to-day running of the finance function* and will spearhead the upgrading of computer based accounting and consolidation systems to the integrated management information system PROPHECY based upon INGRES relational technology.

Candidates should be graduate Chartered Accountants aged around 30 with first hand experience of medium sized operations in a service industry and the implementation of computerized accounting systems.

Please write enclosing a detailed curriculum vitae with salary details to the Personnel Manager, CACI Ltd., CACI House, Kensington Village, Avonmore Road, London W14 8TS.

CACI LIMITED

A new dimension in Telecommunications

MANAGEMENT ACCOUNTANCY MANAGER

c. £30K + benefits

BRT is uniquely positioned to capture a significant share of the deregulated voice and datacomms market. Already the UK's largest private telecomms company, our 17,000 km network links 60,000 extensions through 236 exchanges across the whole of Britain. With managerial and technical expertise in place, an impressive customer base already established with our parent company, and substantial private investment in prospect, the future promises great growth and development - for us and our people.

We now need an ambitious and open minded professional management accountant to institute the costing and tariffing section of a bespoke finance team. Reporting to the Finance Director, you will be expected to play a significant part in the commercial birth of the company, through financial forecasts and strategic advice and guidance on pricing policies.

As a qualified accountant with up-to-date skills, you will have had senior level experience of a telecomms organisation, particularly in the field of costing and tariffs.

Together with competitive salaries, we offer excellent benefits, including a contributory pension scheme, private health insurance, free rail travel for you and your dependants and substantial travel concessions on Continental Railways.

If you have the experience and expertise to make a real contribution in our business, please write, enclosing your CV and stating reference number BRT/66, to Malcolm Ramage, Director, Human Resources, BR Telecommunications Limited, 137 Aldersgate Street, London, EC1A 4JA.

BRT

BRT is an equal opportunities employer

FINANCIAL CONTROLLER

£30,000 + Benefits

This SE1 based importer and distributor of wines, beers and spirits has doubled its turnover to £35m in the last 18 months. A successful management buyout, they now seek to strengthen their small management team, to enable the group to embark upon the next stage of its ambitious growth plans.

The successful applicant will assume responsibility for the day to day running of the finance department, *reporting to the* group finance director. Candidates should have a minimum of two years experience at financial controller level, preferably in a control-orientated, multi-currency distribution company. A key priority is the enhancement of the group's information systems and experience in computer system development is therefore essential.

The company is ideally placed to take advantage of the many change taking place in the drinks industry and view this vacancy as an excellent opportunity to become a key member of the management team at an exciting stage in the group's development.

Please send a C.V. and recent salary history to:
Morton Thornton, Torrington House,
47 Holywell Hill, St Albans, Herts AL1 1HD

Group Taxation Manager

c. £60k + benefits City

We are a leading and long established International Finance and Commodity Trading House operating as traders, brokers and fund managers. We have extensive operations worldwide and are now looking to recruit a very senior member of staff to lead the taxation team from our London headquarters.

As Group Taxation Manager, you will be responsible for developing a coherent global strategy for the proactive management of our tax affairs. In particular it will be necessary to review the tax efficiency of the worldwide group legal structure; ensure compliance with regulations in all applicable jurisdictions and advise on the tax implications of all proposed acquisitions and disposals.

This is a key position within the management team. As such, the person we are seeking will possess a professional qualification with significant UK and international taxation experience gained at a senior level. Strong commercial awareness and the ability to communicate effectively at all levels are vital *requirements.*

The compensation package will reflect the importance of the position and includes a basic salary of around £60,000, a car, plus a performance based package which would make this position attractive to those at the top of the tax field.

If you wish to apply please send your C.V. plus covering letter to Michael Murray, Group Personnel Manager, E D & F Man Ltd, Sugar Quay, Lower Thames Street, London EC3R 6DU quoting reference GTM/FT.

E D & F MAN LIMITED

GROUP FINANCIAL CONTROLLER

(FD DESIGNATE)

c.£35,000
+ CAR
+ BENEFITS

We are a West End based group of companies established for over 25 years. We have a blue chip client base and we operate in the area of communications and publicity.

Working closely with the Group Development Director and reporting to the board, this role will encompass the following broad areas of responsibilities.

- ▲ Full control of running the accounts department.
- ▲ Development and preparation of detailed management information systems and reports for operational purposes.
- ▲ Responsibility for further computerisation of accounting systems and contributions to the development of operational systems in general.
- ▲ Liaison with the group's bankers and auditors.

It is expected that the individual will play a key role in the management and direction of the group and contribute to the long term future growth.

The successful candidate will be appointed company secretary of all group companies initially, and a board appointment would be expected within 12 months.

Please write in complete confidence enclosing a full CV to

Chairman and Managing Director
Broadway Communications Group (Holdings) Ltd
21-22 Warwick Street
London W1R 5RB

CHIEF ACCOUNTANT

MAJOR CITY LAW FIRM
£30,000 – £32,000

We are looking for a qualified accountant to join our Finance team as Chief Accountant. This position reports to the Deputy Director of Finance and has eight staff reporting to it.

Previous legal experience would be preferable but is by no means essential. We are looking for good technical skills, experience in staff supervision and above all, commitment to the job and to the Firm.

Turner Kenneth Brown are a firm of international lawyers based in the City with 61 Partners. In addition to a competitive salary, fringe benefits include PPP, a STL, life assurance and PHI.

If you are looking to join an enthusiastic professional Finance team, please write with a full CV to Colin Kerr, Director of Finance, Turner Kenneth Brown, 100 Fetter Lane, London EC4A 1DD or phone for an application form on 071-242 6006.

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FINANCIAL TIMES
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A career path that spans the world is the best way towards achieving senior financial management status – which is what British American Tobacco is offering to a highly accomplished, Spanish-speaking professional.

As Head of Audit in Caracas, Venezuela, we offer an initial 3 years' posting to one of our very largest overseas companies. Leading a 10-strong team that is multinational in composition and dedicated in character, you will experience the unique business culture and qualities that have seen our yearly worldwide turnover exceed £3 billion. Reporting to the Financial Director, your results will be rewarded by a series of international postings, leading to a senior line management position.

A top-flight fully-qualified accountant, ideally CA/CPA, you will have experience of working for a large company, preferably overseas. Aged 40 or under, you will need to understand more than just the financial implications of your daily decisions: we're looking for the personal qualities that mark you as a truly international manager – excellent social skills, a belief in building the team spirit and the utmost resilience. Fluent Spanish is essential for this role.

In return, we offer a real commitment to your career, with a path that will take you to the top in international line management – together with an attractive salary and an excellent expatriate benefits package.

To make the move, please contact our advisor, Hamish Davidson, for an informal and confidential discussion, on 071-939 6312. Alternatively, write or fax your full CV and salary details to him (quoting reference H/1168/FT) at Executive Selection Division, Price Waterhouse Management Consultants, Milton Gate, 1 Moor Lane, London EC2Y 9PB. Fax: 071-638 1358.

BAT

A member of the B.A.T. Industries plc Group

Financial Controller

Healthcare c£32k

The Bourn-Hallam Group is a world leader in the provision of infertility treatment, specialising in in-vitro fertilisation. The Group comprises two clinics: Hallam Medical Centre in Harley Street, London and Bourn Hall Clinic near Cambridge.

We have an exciting opportunity for a dynamic qualified Accountant to join us as Financial Controller, reporting to the Managing Director. Based primarily in London the job will encompass both the day-to-day management of the accounting functions at Hallam Medical Centre as well as the financial control and reporting of all Group activities, for which occasional commuting to Bourn Hall will be necessary.

In addition to their accountancy qualifications candidates should have sound commercial experience and possess the ability to lead a small team running the day-to-day accounting function as well as devising financial and budgetary strategies for future development of the business. Outstanding interpersonal skills are essential as extensive liaison with the multi-national parent company will be necessary in addition to the establishment of excellent working relationships with staff at both units.

The salary will be negotiable depending on previous experience and qualifications and in addition we offer a full range of benefits, including BUPA and non-contributory pension.

To apply please send a cv to:
The Personnel Manager,
Bourn-Hallam Group,
Bourn Hall Clinic,
Bourn, Cambridge CB3 7TR.

The Bourn-Hallam Group

RETAIL AUDIT MANAGER

Salary C£30k + Substantial Benefits

Our client is one of the leading retailers in the UK. Their market share is significant within their specific product area, with approximately 1000 retail outlets and exciting plans for the future.

Vital to their continued success is the appointment of a Retail Audit Manager, whose main responsibility is to ensure that the Company stocktaking and audit procedures are performed both effectively and efficiently.

This new senior position is one of total autonomy and reports directly to the Finance Director, controlling a team of 40 auditors and stocktakers. The position could be based in either Welwyn Garden City or Liverpool and requires preferably a degree or professional qualification, with sound commercial experience in retail audit for at least 5 years.

The successful candidate should have an excellent man-management background, be in their 30's with an outgoing personality and high energy level. The ability to work under pressure in a proactive role is absolutely essential.

Closing date for applications 8 August 1991.

To apply, please write with Curriculum Vitae including current salary to: Jane-Marie Carver - Director, Talisman Retail, Dorland House, 14-16 Regent Street, London SW1Y 4PH. Tel No: 071 925 0848.

TALISMAN Retail
A MEMBER OF THE TALISMAN GROUP OF COMPANIES
SPECIALISTS IN RECRUITMENT

MANAGEMENT ACCOUNTANT

LONDON E15 C. £30,000 p.a.

Tubular Edgington Group Plc requires a commercially-minded Accountant.

We are a diverse Group in the exhibition contracting industry and a minimum 2-3 years experience of contract costing and financial control is essential for this position. The successful candidate will be qualified (CIMA, ICAEW or CACA) and will report directly to the Group Financial Controller.

The position offers an attractive remuneration package which includes company car, contributory pension and share option participation.

Please write with a comprehensive CV to
Douglas Parkhill, Group Financial Controller,
Tubular Edgington Group Plc,
30 Marshgate Lane, London E15 OAB

NORTHERN EUROPE FINANCIAL CONTROLLER

C.£30K + Bonus + Car

SDRC are a leading international supplier of software and engineering consultancy services in the high-tech field of Mechanical Computer Aided Engineering (MCAE), used by major automotive, aerospace and industrial manufacturers for the design, analysis and testing of sophisticated mechanical products.

We are now looking for an accountant to take control of UK and Northern Europe accountancy operations at our European Headquarters. You will be responsible for all UK financial accounting procedures and controls, systems development, and further enhancements of the DEC based management information and accounting system. There will also be additional responsibility for the accounting activities of our subsidiaries in Sweden and the Netherlands which will involve some travel.

This demanding role represents an excellent opportunity for a young energetic qualified ACMA/ACA with strong analytical skills to gain invaluable management experience and make a significant hands-on contribution within this successful and fast-growing company.

Please apply in writing to Keith Heal at SDRC, Gunnels Wood House, Gunnels Wood Road, Stevenage, Herts SG1 2NW. Tel: (0438) 740088 Fax: (0438) 745454.

SDRC

Assistant Treasurer

London

c£42,000 + benefits + Car

Our client is a major UK financial services group with operations in the UK, Europe and North America.

Due to internal promotion they seek an Assistant Treasurer – Capital Markets to report to the Group Treasurer. Key responsibilities will include evaluating and implementing new sources of debt, management of funding programmes, foreign currency exposure and of relevant instruments. You will deputise for the Group Treasurer when necessary and there will be considerable involvement with senior management and external advisers.

Candidates should be of graduate calibre, age indicator 28-35 years, with good communication skills, creative and strategic thinking ability.

Previous treasury experience and the ability to succeed in this progressive group are essential where the career prospects are excellent.

Please telephone or write enclosing full curriculum vitae quoting ref: 565 to:

Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE
Tel: 071-839 4572
Fax: 071-925 2336

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

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TECHNICAL AND EXECUTIVE CONSULTANTS
30 New Street, Worcester WR1 2DP Tel: (0905) 23444 Fax: (0905) 23393

EUROPEAN GROUP FINANCIAL CONTROLLER

Our client is a well known company with an outstanding reputation internationally, for customer service and quality. Manufacturing a broad range of components, the company services the UK and European heavy truck, military and lift truck markets from three independent companies within the UK with a turnover in excess of £10 million.

Reporting to the head of European operations, the successful candidate will be responsible for managing corporate reporting and consolidation, management accounting and analysis, treasury/corporate finance activities and statutory/taxation requirements.

You will be 30 to 40 years old, fully qualified, ACMA/ACA with a related degree and a minimum of 5 years post qualification experience in manufacturing industries. You will be a flexible self-starter, a team player, and have knowledge of dealing with continental European customers and suppliers.

A competitive package, including bonus opportunity, will be offered to the successful candidate.

Write in confidence to Colin Smith at the address above.

FINANCIAL/MANAGEMENT ACCOUNTANT

West London

The British subsidiary of a French group which is one of Europe's leading transport companies, provides a complete range of transport services from five UK offices employing some 60 people.

Working closely with the MD and supervising the day-to-day operations of the Accounts Department, your responsibilities will include the preparation of monthly management reports and half-yearly and yearly accounts for auditing, and budget preparation, monitoring and forecasting.

A qualified accountant, you must have at least three years' experience as a Financial Accountant or Controller in an industrial or commercial company.

Please send a full cv to F. Philibert, Ref: A/3275/FT, PA Consulting Group, 78 boulevard du 11 Novembre, 69626 Villeurbanne, Cedex. Tel: 33 78 93 90 63.

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FINANCE CONTROLLER

International Consumer Personal Care Products Company

To £45K + Bonus + Car & Excellent Benefits - Thames Valley

Our client, a successful British plc with a turnover of £150 million, has operations throughout Europe, the Far East and Australia that market a quality range of branded products.

The position reports to the Group Finance Director and provides the usual financial input for a plc of this size together with having genuine scope to make a significant contribution to the commercial and strategic direction of the business.

Candidates aged early 30's should be qualified ICMA or ICA and ideally be graduates. A minimum of five years' experience in a variety of roles within a consumer orientated business or alternatively audit with extensive commercial involvement is essential. You should be able to demonstrate a successful track record to date and be outgoing, flexible and pragmatic.

Career opportunities within the group are excellent.

Send a full CV, quoting ref: 390, to T L Roberts, Director, Associates in Advertising, 5 St John's Lane, London EC1M 4BH.

ASSOCIATES IN ADVERTISING

GROUP CASHIER

NORTH LONDON

Growing merger and acquisition group requires a capable, experienced, innovative, computer literate person for management of the Group's cash resources and borrowings on a day-to-day basis, securing optimum deployment of the Group's funds and borrowing facilities, preparing daily rolling cash forecasts, arranging direct bank transfers, documentation and control of Bills of Exchange and Letters of Credit, all aspects of effecting movements of funds and of obligations to banks and other financial institutions.

Secondary function will be general financial accounting work.

Non-smoker - Excellent salary

CV please to The Company Secretary, Orbro, PO Box 180 London N2 9DW

DIRECTOR OF FINANCE & RESOURCES

c£32,000

For an N.H.S. Provider Unit (North West Kent)

Are you a qualified (CIPFA, ACCA CIMA) Finance Director with a minimum of 5 years experience? Are you enthusiastic and energetic with NHS or related experience? or have you comparable commercial senior level experience handling cash flows, external finances, IT etc? Yes? We have an exciting opportunity to lead the Financial Function in a Priority Care Unit with a budget of £24 million, planning for 2nd wave self governing status in April 1992.

Interested? Please send your C.V. to:
The Unit Personnel Department,
Stone House Hospital, Cotton Lane, Dartford, Kent DA2 6AU
no later than Thursday 8th August.
Tel: 0322 227211 ext 300.

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For advertising information call:

Elizabeth Arthur
071-873 3694

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071-873 4027

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Whether you need one graduate or a hundred you will be after the best prospects, and your best prospect for reaching them is by advertising in the Financial Times Career Choice Guide. The chances of you attracting the best candidates this year are not better simply because there will be more graduates chasing less jobs.

The fact is, the best prepared prospects will still choose the jobs and companies they want, rather than the other way round.

"Career Choice" - the F.T.'s guide for final year undergrads, is an important part of the preparation. Over 100,000 copies of the guide (one for every finalyear student) will be distributed on Campus in October. It is also in the F.T. on October 17th so that parents can also ensure it reaches the right audience.

For synopsis and rate card call
Richard Jones on 071-873 3460 or fax 071-873 3065

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